

The dubious case for German revaluation

muel Brittan

Bundesbank Getting round the table Page 2



FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Thursday July 16 1992

France urged to cut reliance on nuclear power

France should reduce its dependence on nuclear power, which provides 75-80 per cent of the country's electricity, and do more to promote competition in energy supply, the International Energy.

It also urged France to raise electricity prices to reflect production costs and encourage energy savings. Page 3; Reactor fears, Page 14

Perot campaigner quite: Veteran Republican political expert Ed Rollins resigned as co-manager of Texas billionaire Ross Perot's independent presidential campaign effort because of differences with Perot. Democratic convention, Page 6

Mandela hits out: ANC leader Nelson Mandela, in a speech to the UN Security Council, vowed not to resume South African reform talks until "government orchestrated" violence in black townships subsided. Page 14

US warms frace The US accused fraq of endangering the Gulf war ceasefire by refusing to allow UN weapons inspectors access to the agriculture ministry in Baghdad. Page 4



Pope 'doing well' Surgeons removed a benign tumour "the size of an orange". from Pope John Paul's intestine and said the 72-year-old Pontiff was "doing well". He is expected to remain in hospital for 10 days. Doctors said the Pope

US industrial output fell 0.3 per cent in June, the first decline for five months, the Federal Reserve said. The fall was attributed to a rail strike, which hit mining output. But other sectors showed weakness. Page 6; Lex. Page 14

Sea Containers, the Bermuda based shipping group, said it had put in a bid to operate a large proportion of British Rail's south-east services. when they come up for privatisation. Page 7.

Mostems jailed: An Algerian court sentenced two Islamic Salvation Front leaders to 12 years prison for conspiracy against the state. The charges carried the death penalty. Page 4

AMR, parent company of American Airlines and one of the big three US carriers, led what is likely to be a dismal quarterly reporting season for the nation's arilines, with a \$186m loss after tax in the three months to end-June. Page 15

Fininvest, the media, retailing and investment group controlled by Italian magnate Silvio Berlu coni, saw 1991 net profits fall 68 per cent to L61.3bn (\$54m), mainly because of its purchase of Mondadori, the publishing group. Page 15

irish woman charged: Irish national Donna Maguire, 25, was charged in Germany with murder and attempted murder for the killing of a British Army major in Dortmund and the bombing of barracks in Hanover in 1990.

Banque Bruxelles Lambert urged investors, who are divided over whether the bank should forge links with a domestic or international partner, to agree a strategy or risk undermining the bank's shareholder structure. Page 15; Lex. Page 14

Hongkong Bank began its shake-up of Midland Bank with the appointment of a new deputy chief executive at Midland to work with Brian Pearse, its chief executive. Page 16

Bonn plans rail self-off: The German government committed itself to a DM493bn (\$335bn) plan to reform and partially privatise the loss-making national rail network in five years. Page 2

General Dynamics, the US defence contractor which is selling peripheral businesses, reported second-quarter earnings of \$65m, up from \$33m in the same period of last year. Page 18

Marriott, the US hotels group, has topped bids by rival hotel groups Intercontinental and Ramada to win control of the Duna Intercontinental, one of Hungary's leading hotels. Page 16

58 die in Yemen air crash: All 58 people on board a Yemeni military aircraft were killed when it crashed in the desert near Aden during a sandstorm. Passengers included military police.

Victim of overwork: Jun Ishii, a 47-year-old executive with Japanese trading house Mitsui, was officially certified as having died from overwork - "karoshi". Ishli had spent 115 days abroad on business trips in the year before his death. Observer, Page 13

STOCK MARKET INDICES	M STEPLING	regard" as a sovereign investor.
FT-SE 100:	New York: \$ 1,9225 (1,9195) Lumbort: \$ 1,9286 (1,913) OM 2,946 (2,85) FR 9,9125 (9,6175) SR 2,51725 (2,5775) Y 240,75 (239,25) £ Index 92,4 (82,2)	Among these measures, it said, was the appointment of Peat Marwick to "furnish a comprehensive assessment" of KiO's Spanish investments by November. Neither the KIO nor Peat Marwick would amplify on the scope of the review nor say whether it would include recommendations for KiO's investment strategy in
Federal Funds: 23-% (3.2%) 3-mo Treas Biller Yid 3.23% (3.26%) Long Bond 164.5: (103-3) Yield 7.256 (7.576%) ILONIDOM MONEY	New York : (1.4855) OM 1.4816 (1.4855) FF7 5.8096 (5.0155) SF7 1.8386 (1.343) Y 125.00 (125.2)	Spain. Kuna said Kuwait's govern- ment had commissioned the KIO last month to gather information on its Spanish holdings, provide
3-mo interbank1014% (103/%) Life long gilt future:\$ap 99 (Sep 9014) MI MORTH SHA OIL (Arguer)	DM 1.4775 (1.49)	the "real financial status" of the investments and "come up with the least costly solution".
Street 15-day Sep\$19.875 (20.05) III Gold. New York Crees, Inj. \$256 (361.1)	SFr 1.326 (1.347) Y 125.85 (125) \$ Indies 80.2 (80.3)	Damage limitation exercise, Page 16

\$351,85 (350,55) Tokyo close Y 125,32 London .. Draft report criticises Abu Dhabi over BCCI

ABU DHABI, the majority shareholder in the Bank of Credit and Commerce International, has been criticised in the draft Bingham report for withholding vital information from the Bank of England on the scale of fraud

By Robert Peston in London

at the collapsed bank Lord Justice Bingham's inquiry into BCCI highlights a ninemonth delay in communicating details of the huge losses and

fraud — including the theft of \$2.2bn of Abu Dhabi's funds — as

a serious omission.

The criticism of the Gulf emirate's actions, in draft excerpts seen by the Financial Times, forms one of the main conclu-sions of the 11-month investigation by Lord Justice Bingham, which also assesses the roles of the Bank of England and of Price Waterhouse, BCCI's auditor.

Abu Dhabi and its advisers are understood to be unhappy at this

Bank of England is also braced for serious criticism of its role as supervisor of BCCI's UK operations.

Unless key passages of the pre-liminary report are revised or excluded from publication, a row between Abu Dhabi and the UK government is expected to follow the report's publication, which is not expected for several

In his draft, Lord Justice

Bingham highlights an interview between Mr Swaleh Nagvi. BCCI's former chief executive, and Abu Dhabi's representatives in April 1990 - 15 months before 1991.

the bank was shut down. Lord Justice Bingham concludes that, had the contents of the interview been communi-cated to the Bank of England, a more detailed investigation of BCCI and a more urgent reconstruction programme might have been triggered. Alternatively, BCCI could have collapsed or been closed. In the event, the Bank did not learn of the \$2.2bn theft until the end of February

Abu Dhabi has rejected the criticism and has argued to Lord Justice Bingham that there is no evidence that the Bank would have behaved any differently if it had received details of the Naqvi

interview. Abu Dhabi and its advisers, led by the firm of solicitors Simmons & Simmons, have tried to pe suade Lord Justice Bingham that he is misinterpreting events.

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The controversial conversation took place in April 1990 between emirates' representatives and Mr Naqvi, who was confined to the police club in Abu Dhabi after the bank collapsed. The represen-tatives included Mr Ghanem al-

> Continued on Page 14 Asset sales boost First American, Page 19

Kuwait moves to calm concern over KIO

and Peter Bruce in Madrid

KUWAIT yesterday sought to calm growing concern in Spain and at home over the Spanish investments of the Kuwait Investment Office by appointing Peat Marwick, the accountancy firm, to assess KIO's Spanish

The decision was announced after a high-level meeting in Kuwait which included the ministers of finance, oil, trade, planning and communications, top officials of the Kuwait Invest-ment Authority and Mr Ali Rashid al-Bader, president of the

London-based KIO.

A statement after the meeting said the KIO should seek whatever further legal or financial stance was deemed necessary to "safeguard and develop Kuwaiti investments in Spain, and in order to maintain Kuwait's international reputa-

Mr. al-Bader had been summoned to Kuwait to explain to the government KIO's role in the threatened collapse of Ercros, Spain's biggest chemicals com-pany, which KIO controls. The fact that such a high-level

meeting was called reflects the emirate's determination to allay fears that the KIO may have lost some of its agility as an investor since the Gulf war.

The secretive KIO has liquidated up to half its pre-war investments of \$65bn to help pay for reconstruction costs in the emir-

The agency's sale of a large part of its 10 per cent share in Midland Bank just before the group became subject to a hid

hattle also raised some eyebrows. Ercros owes some \$2.15bn to creditors. The KIO's refusal to make new funds available to the group without broader help from the Spanish government or creditor banks has prompted fierce criticism of the group in Spain. It has also prompted a con-

certed attack on the KIO's secrecy and investment strategy from Kuwaiti opposition groups who are positioning themselves before the emirate's October elec-

Kuna, the Kuwait news agency, reported that Sheikh Saad al-Sabah, the crown prince and prime minister who chaired yesterday's meeting, urged all authorities concerned to take whatever tain Kuwait's international



"I will not sit with child killer"

Bosnia's Moslem foreign minister Harts Stialdzic talks to journalist after a meeting with Lord Carrington, chairman of the EC-sponsored peace conference on Yugoslavia. Asked if he was prepared to sit around the table with the leader of the Bosnian Serbs, Radovan Karadzic, he said: "Karadzic is a war criminal. I am not prepared to Peace talks make no progress, Page 14 sit with a child killer."

Amato to 'change the rules' in Italy

By Robert Graham in Rome

PROFESSOR Giuliano Amato, Italy's new Socialist prime minis-ter, yesterday pledged to "change the rules" in Italy, committing himself to a fundamental reform of the country's state dominated economic and financial system. In his first interview with a his desire to convince the inter-national community of the seriousness of his reformist inten-

On the key issue of privatisa-tion, he said: "You begin by say-ing you are in the year zero and you should reduce the role of the state as much as you can.

Referring to last week's move turning into joint stock companies Italy's four principal state entities - IRI, the holding company, ENI, the national oil concern, Enel,the electricity authority and INA, the insurance institute - he said: "I am creating a machine that will be forced

towards privatisation." Prof Amato said his emergency hudget, seeking to raise L20,000bn (\$28.1bn) in extra reve-Page 16 new ground by addressing struc-

tural reforms. "This budget is different from previous ones since they did not touch such areas as reform of public health, pensions state employment . . . This time we are going to change the rules ... we have to tackle the fundamental (items) on which

expenditures are flowing away." He said he expected both the budget decree and the accompanying decrees to reform public health, pensions, civil service employment, greater financial autonomy for local authorities and privatisation to be approved within 90 days by parliament. If the 16 seat majority of his four party coalition failed in parliament he suggested he would seek a vote of confidence.

On Italy's position over the Eurofighter project, he indicated he would still like it to prosper, albeit in cheaper form. But he added elliptically: "Does it make sense without Germany; will Germany be willing to to remain a partner if a cheaper plane will result as being feasible? The technical answer to this has not arrived as yet. But we are hoping for a positive solution."

Interview, Page 12

Bundesbank faces pressure not to raise rates

By Our Foreign and Economics Staff

THE BUNDESBANK came under pressure yesterday to avoid tightening German monetary policy at its council meeting today. A series of warnings from both home and abroad reflect concern that higher interest rates would prompt a wave of increases

The D-Mark registered fresh gains against the dollar and European currencies as foreign exchange dealers anticipated a decision to raise the German discount rate at today's Bundesbank

council meeting.

An increase in the discount rate from 8 per cent would take the Bundesbank's benchmark rate for lending to banks to the highest level since September 1

Mr Heinrich Weiss, president of the Federation of German Industry, called for restraint, saying he believed German rates were high enough to ensure that inflation

was brought down. The German co-operative banking association warned that attempts to damp monetary growth "by force" could have fatal consequences. European finance ministers have for several days been urging Germany against drastic tightening.

The Bonn government has, additionally, made clear it does not want monetary policy to be

■ Bundesbank knows Its credibility is at stake

Dublous case for **D-Mark** revaluation

Editorial Comment ... Page 12 World stocksPage 36

tightened. Mr Jürgen Möllemann, the economics minister, will attend the meeting of the 18strong council, although he has no influence on the vote. Mr Neil Kinnock, outgoing

leader of Britain's opposition Labour party, in a letter to the Financial Times today, urges the government to take "a real lead" in pressing for an immediate revaluation of the D-Mark.

In spite of such pressure, most economists in Frankfurt believe the Bundesbank will act to show its concern at the rapid rate of money supply growth, rising at double its 1992 target.

Mr Otmar Issing, the Bundesbank directorate member responsible for economics, emphasised yesterday that high monetary growth could not simply be explained away by "special factors" such as a flood of investments in high-yielding short-term deposits and increasing use of

the D-Mark in eastern Europe

Partly as a means of mollifying opinion, the Bundesbank is expected to maintain its 9.75 per cent Lombard rate, which has most impact on the money mar-

Mr Richard Reid, Frankfurtbased economist with UBS Phillips & Drew, said: "They are likely to take the milder rather

than the stronger option." Dealers believe, however, that the central bank could accompany a discount rate increase of 1/2 point with more technical measures to limit banks' access

to central bank funds. Speculation that there would be a tightening gained ground after the Bundesbank yesterday added a net DM5.5bn (\$3.6bn) of liquidity to the banking system at slightly higher rates of up to

around 9.7 per cent. Reflecting nervousness about the impact of higher interest rates on an already sluggish European economy, bond markets weakened across Europe, while stock markets were jittery.

In London, the dollar fell to DM1.477 against a previous DM1.490, while sterling was down to DM2.845 against DM2.850. Mr Michel Sapin, the French finance minister, and Mr Norman Lamont, the British chancellor of

the exchequer, asked Germany

not to take drastic action on

ministers' meeting on Monday.

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Foreign Exchanges35 Gold Markett

Germany plans £170bn transport revolution

By Christopher Parkes in

THE German government yesterday set aside its money worries and committed itself to a DM493bn (£170bn) plan to reform and partially privatise the national transport system.

Only weeks after accepting a finance ministry proposal for a clamp on public spending, the cabinet agreed to build 2,400km

Centreplece of the reform, presented by Mr Gunter Krause, transport minister, is the privatisation of the rail-

Starting in 1994, the western Bundesbahn and the Reichsbahn in the east will be bundled together in a shareholding group, Deutsche Bahnen AG (DBAG). Operations will be split into three independent companies under the DBAG umbrella, responsible for pas-senger traffic, freight and track DBAG itself is to be dis-

solved after five years and its three components left to run

On incorporation, the government will take over the railway's debt mountain, which is expected to reach DM55bn this year. However, no decisions have yet been made on the financing of the reforms, nor the

nature and extent of the government's plans for privatisation. Mr Krause claimed the scheme would have a "neutral" impact on the federal budget. Mr Krause said one objective

road traffic back to the rail-Although Mr Krause's initiative was widely welcomed, the lack of detail on financing drew fire from business and

was to switch 10 per cent of

were attacked by environmen-One potential source of funds is road tolls. Germany was

Europe's leading transit route, Mr Krause said, and foreign road users should share the costs. Further cash would come from the sale of railway

Five of the new road projects, including a tunnel under the Elbe in Hamburg, are to be undertaken by private groups. They will quote for and construct the roads, and the government will pay by instalments. A further 23 projects are being considered for simi-

Including stretches in need of rebuilding and widening, and 1,000 by passes in eastern Germany, the development plan involves 11,600km of concrete and asphalt and a total cost of DM191bn.

Improvements to the railways, which include completion of a 3,200km high-speed network. will cost around DM194bn_

The cabinet also gave provisional blessing to track for the newly-developed "magnet" hovertrain between Hamburg and Berlin and possibly to Bonn, Bremen and Cologne. It agreed, however, that funding should be either wholly or partially private.

Bonn sends destroyer to defend embargo

By Christopher Parkes In Bonn, Laura Silber in Beigrade, Nicholas Denton in Budapest, and agencies

THE German government yesterday ordered a destroyer and three reconnaissance aircraft to join allied warships monitoring the United Nations trade embargo of Serbia and Montenegro.

Nato and Western European Union ships will begin moni-toring the coast of the former

It is only the second time since the founding of the Federal Republic of Germany that Bonn has ordered troops to a possible conflict area. The first was during the Gulf war, when a squadron of German aircraft was sent to Turkey to belp protect it against Iraq.

Bonn avoided an embarrassing summons to the constitutional court by strictly limiting its armed forces' role in the Adriatic to observation and intelligence gathering.

The German destroyer, Bayern, will not be allowed to stop suspect cargo vessels or use force, Mr Klaus Kinkel, foreign minister, and Mr Volker Rühe, defence minister, stressed vesterday.

remain in international waters. The German force's task was information-gathering on behalf of the UN, not armed intervention. "The object is to smother the war in Yugoslavia," added Mr Rübe.

The cabinet decision, made in the face of opposition threats to challenge the deployment in the constitutional court, marks an important step in the government's plan to play a fuller role in international affairs. Both ministers made clear the con-stitution, which in effect pre-vents German troops from taking part in combat missions outside the North Atlantic Treaty Organisation territory, must be altered as quickly as

The German move came as Serb forces stepped up attacks on the last Moslem stronghold in eastern Bosnia, despite a pledge by the new Yugoslav prime minister, Mr Milan Panic, to end the war in Bos-

Moslem fighters in Gorazde broadcast an appeal for help as Serb forces continued to barrage the town, which has been cut off from the outside world for three months. "Gor-

It will also be obliged to azde will cease to exist without immediate help from outside," the fighters said in a short-wave radio messas HINA, the Croatian news agency, said 31 people were killed and 51 wounded in an

attack by a multiple rocket launcher on Gorazde. Some 50,000 people have sought refuge in Gorazde, normally a town of 20,000. The siege by Serb militia has severed telephone and road

links to the town. At least 7,500 people have died in four months of fighting since Bosnia gained independence, and some 1.2m people have fled their homes.

Mrs Sadako Ogata, the United Nations High Commissioner for Refugees, yesterday called an international conference on refugees as the exodus from Bosnia-Hercegovina looked set to grow.

Bungary and Austria, each with 50,000 refugees from the former Yugoslavia already, are to seek international backing for a security zone within the former Yugoslav republics to protect victims of the conflict. The two countries plan to put the proposal, whose idea is borrowed from the operation



A resident crosses a Sarajevo intersection which has been blocked by traffic to hamper the vision of Serb snipers

Iraqi regime, before the Hexagonale group of central European countries this weekend. Hungary and Austria will Security Council. The International Red Cross

has meanwhile announced a

central regional base in Hungary for supplying refugee camps. Mr Peter Tittes, regional head, said the supply

would make expensive gency relief unnecessary.

Whaling could hit Norway's **EC** hopes

By David Buchen in Brussels and Bronwen Maddox In

NORWAY might find it hard to join the EC unless it drops its plan to resume commercial whaling, Mr Manuel Marin Community fisheries commis-

sioner, warned yesterday.
With the express intention of putting pressure on Norway, expected to apply for EC men bership in November, the Euro-pean Commission yesterday formally proposed the Commu-nity should become a member, in its own right, of the International Whaling Commission AWC).

Last month Norway announced it would resume commercial whaling next spring, pre-empting an IWC verdict on whether this would be allowed.

Announcing the proposal to seek a Community seat in the IWC, Mr Marin said such a move would make IWC rules and recommendations part of EC law. "Any country wishing to join the Community would

have to go along with that."

The EC has only joined in its own legal right, one other international organisation, the UN Food and Agriculture Organisation, because of the reservations many states, inside and outside the Community, have about letting a col lective body into organi designed for nation states.

But the Commission's ques for an EC seat at the IWC might succeed, given wide-spread revulsion in the Community to whaling. Seven EC states, Denmark,

France, Germany, Spain, Ireland, the Netherlands and the UK, already belong to the

Last May the Community adopted a measure to protect endangered species that could clearly cover whales.

Brussels in push to boost recovery of packaging

By David Buchan in Brussels

EUROPEAN industry would get 10 years to increase the proportion of waste packaging examining last year's German it recovers from around 18 per cent now to 90 per cent, under a plan proposed by the Brus-sels Commission yesterday.

The EC produces some 50m topnes of waste packaging a year. Yesterday's draft directive, which must win approval from EC governments, aims to cut the large share of this which gets pushed untreated into landfills, and the growing number of purely national curbs on packaging that threaten to create barriers to trade in the single EC market. Unveiling the long-awaited

plan, Mr Karel Van Miert, recently made responsible for the environment in the EC Commission, said that, if the draft directive were adopted. most change would be needed in the south of Europe where public sensitivity to the envi-

Denmark would have to drop its ban on aluminium drink cans and let them be recycled. The Commission was still

retailers responsible for getting rid of waste packaging, Mr Van Miert said. But he believed Germany might drop restric-tions on the burning of packaging, which would be partially permitted under the EC proposal. "We don't want to put spokes in the wheels of those countries such as Germany, Denmark and the Netherlands which are in the vanguard of dealing with waste packaging."

Sensitive at possible charges of Brussels' interference, particularly while the Maastricht union treaty remains unratified, Mr Van Miert stressed member states would be left free on how to meet the targets that would only become legally binding after a decade.

The European Recovery and Recycling Association (ERRA), a grouping of 31 major compa-

nies involved in packaging materials, consumer products and retailing, yesterday welcomed the draft directive "as a first step to avoid packaging restrictions being used by countries, or even regions, to wreak havoc with the single market".

As at present drafted, the EC plan would require that 90 per cent of total packaging waste would have to be disposed of by recycling, composting or burning. At least 60 per cent of the total would have to be recycled into fresh packaging or other materials.

ERRA warned that the plastics industry would find it hard to meet this latter target. Plastic wrapping and film had now been reduced to very fine proportions, helping reduce packaging weight. Collecting and cleaning this would be difficult and costly. One element in the plan would be to harmonise the labelling of packaging for the benefit of EC consumers, waste collectors and recyclers.

Ways of cutting UK rebate to be studied

THE REFUND which Britain gets on its net EC budget contributions could be trimmed under two options put to the European Commission yesterday.

But, because of the technical complexities involved in the UK budget rebate issue, the Commission decided not to deliver its final report before its next executive board session on July 22. Since 1985 the UK, rela-

tively a big net contributor but a poor EC state, has had refunded from Brussels twothirds of the gap between what it pays into the EC budget and what it gets out. If the Community retained this formula while putting into effect its budget and farm spending reforms over the next few years, the Com-mission forecasts Britain

would get a smaller rebate on a smaller net contribution. The effect, EC officials stressed, would thus be roughly neutral, leaving refund.

The Commission paper, to be diffther discussed next week, contains two options rather than firm recommendations. One option is for Britain's payments to the planned "cohesion" fund for Mediterranean countries to be taken off Brussels' calculation of the UK net contribu-

tion to EC financing. This

would slightly reduce the

contributions, and thus the

Such a shift might please Spain which regards it as a matter of political honour, not cold arithmetic, that the north should help the south. Another option is further to excuse Germany from paying towards the UK rebate. Because Germany gets no direct rebate on what is the biggest EC contribution, Bonn already gets a third off its share of the UK rebate. That raises the question of

whether the other 10 coun-

tries would pick up Ger-

many's previous share of the

Airlines step up drive for EC control system

end Deniel Green in London

EUROPE'S national sirlines yesterday called for "a quick political solution" to the growing problem of congestion in the skies.

Mr Giovanni Bisignani, chairman of the Association of European Airlines (ARA) and chief executive of Alitalia, attacked Europe's failure to establish a single harmonised system of air traffic control. Europe's 54 air traffic control centres use 31 different technical systems, none compatible

with the others. The computer hardware for the systems comes from 18 different manufacturers and employs 70 different programming languages. At an AEA forum in Brussels, Mr Bisignam said the fragmented system of national jurisdiction over European airspace had doubled delays over

the last six years. Overloading of the European air traffic control (ATC) network has already meant doz-

port Association (Ista) and Eurocontrol, the Brussels-

based government backed air traffic control centre, are scheme for Europe. But the new system will not be ready until 1995 at the earliest and lata warned last month that a serious failure of Europe's ATC might occur this summer, leaving aircraft and crews stranded

at the wrong airports. Mr Bisignani yesterday launched an information campaign aimed at shifting the blame for flight delays and cancellations to national and European authorities.

Transport ministers from the European Civil Aviation Conference (ECAC) met in March to consider ways of improving the air traffic control system. But the AEA says ECAC's harmonisation programme will still lead to a complicated and very inefficient managerial structure" because it will try to preserve national authori-

Brussels puts telephones plan on hold By Andrew Hill in Brussele

EUROPEAN Commission plans to liberalise basic telephone services will not be published because of French sensitivity over the issue.

France is to due hold its referendum on the Maastricht treaty in September, and the state-owned France Telecom is one of the most vociferous opponents of further liberalisa-

The Commission yesterday approved directives which would lay the groundwork for greater competition, by harmonising technical and quality standards, and granting third parties access to telephone networks. Brussels also published a paper criticising the excessive cost of cross-border tele-

phone calls. But the Commission withdrew a policy paper laying out how it would open up crossborder calls to competition. Mr Filippo Maria Pandolfi, the earch and telecommunications commissioner, said: "We have evaluated all the circumstances and we have decided to delay it [the review] until Sep-

• The Commission is proposing supplementary funding of Ecul.6bn (\$2.16bn) to bridge the financial gap between its 1990-94 research and development programme and the programme for the next five years. At the same time, Mr Pandolfi said yesterday that the Com-mission was to rationalise the structure of its two research and technology directorates.

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ens of delayed or cancelled Bundesbank knows its credibility is at stake

Andrew Fisher previews today's council meeting. The outcome is awaited eagerly at home and abroad

thought will be in the minds of the Bundesbank's council members when they sit down today for their regular fortnightly meeting in a room on the 13th floor of the central bank headquarters.

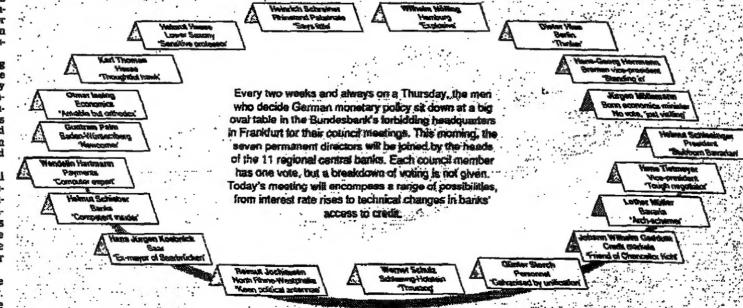
With the money supply growing well beyond the target for 1992, the Bundesbank's credibility is clearly at stake - both in the financial community and among Germany's stability-conscious citizens. Inflation is still above 4 per cent a year and recent wage settlements have been higher than the Bundesbank would But drastic action by the central

bank would have severe consequences for other European countries. Nor does the Bonn government, struggling to put its finances In order under the weight of the high cost of unification, want to see the German economy hit by another interest rate blast.

Economists' opinions on what the Bundesbank will do vary widely. The consensus is that it will take some action to show concern over monetary developments, but be careful not to go too far. After all the advance speculation, a decision to do nothing could harm credibility.

They've got to do something," says Mr Jürgen Pfister, economist at Commerzbank. "But they will want to keep its effects limited. Thus it will be largely a symbolic move to show that they are worried and want others to take the problem seriously. but they also want to avoid any dis-

The scene on the thirteenth floor



ruptions in the European Monetary access to central bank funds. System or harm to other econo-

So he and others reckon a further half-point rise in the discount rate to 8.5 per cent is most likely. This would narrow the gap with the more important Lombard rate (now 9.75 per cent), which would be left alone. It could be combined with technical measures to limit commercial banks'

Jacking up the Lombard doesn't

seem to be on the cards," believes Mr Richard Reid, economist at UBS Phillips & Drew's Frankfurt office. Most attention is focused on the discount rate or access to Lombard credits." Action on these fronts would, he says, "have a signalling effect without a disruptive effect". Apart from not wanting to over-

also aware that the monetary data are far from clear. Much of the prescome from high lending to fluance east Germany's economic reconstruction; investment subsidies make a large part of this insensitive

balance the EMS, the Bundesbank is plans to tax savings income has also caused funds to pile up in high-yield ing short-term deposits. Moreover, sure behind the 9 per cent annualised growth in M3 this year has ings of the D-Mark in eastern ings of the D-Mark in eastern

Europe. Bank lending, up by an annualised 12 per cent this year, has also financed property purchases. According to Mr Martin Hither, economist at Bayerische Vereins-

The problem however, recognised by Bundesbank president Mr Helmut Schlesinger and his colleagues, is

that its target range of 3.5 to 5.5 per cent for M3 growth in 1992 looks emberrassing in view of this year's monetary pace. It is unlikely that the target will

less threatening than it looks at first

sight. The restrictive policies are

be changed. That would damage credibility further. But meeting it is also virtually impossible now. Moreover, changes in monetary policy take at least a year to have an So the real concentration is on

ensuring the right conditions for slower M3 growth in 1993. But that does not mean the Bundesbank's council members have to act now, some argue. "It would be best if they sit on their hands, bite their lips, and say they will writ until M3 comes down," says Mr Nigel Rendell economist with stockbrokers James Capel in London. Mr Paul Brunker of Robert Fleming also opposes any in-between measures.

The logical alternatives are to raise the Lombard or do nothing "

The dilemma for the Bundesbank is how to balance the need to be effective with the desire not to be disruptive. Thus what the Bundesbank says today about the confused monetary scene could be just as important as what it decides. Despite international concern, if will regard its main audience as the politicians in Bonn and citizens throughout

France too dependent on N-energy'

By William Dawkins in Paris

FRANCE should reduce its dependence on nuclear energy and bring its low electricity prices more in line with production costs, the International Energy Agency (IEA) said yes-terday in its first report on the

France's nuclear programme, is highly efficient and has helped reduce the country's dependence on imported energy, says the IEA, an influential advisory and co-ordina-tion body which groups most members of the Organisation of Economic Co-operation and Development (OECD).

Since the 1978 oil price shock, France has halved its dependence on energy imports but still buys nearly all its oil from abroad, says the IEA-in a report to mark France's entry to the organisation. France refused to join the IRA on its formation in 1974 because it feared this would diminish its energy policy independence. but changed its mind during the Gulf war, in view of the organisation's success in co-or-

dinating the west's oil stocks. The IEA praises France's low carbon dioxide pollution, a side effect of its nuclear dependence. Emissions of carbon dioxide there have fallen by a quarter over the past 12 years

that France should now do more to diversity away from nuclear energy, which accounts for 75-80 per cent of electricity and 37 per cent of total energy use. "This is a concern from the point of view of the flexibility of the system, said Mrs Helga Steeg,

IBA executive director.

The report stresses that France should maintain and modernise its nuclear programme, but suggests it should consider supplementing this with more natural gas and clean cost technology. It also disapproves of exports of nuclear electricity, a signifi-cant source of income for Elec-tricité de France, which Mrs. Stagg argued was not a solid policy for importing countries. Last year Britain was France's largest export customer, followed by Switzerland

not always reflect costs, espe-cially in home central heating, adds the report. Improvement is needed here to encourage energy saving and to give a fairer chance to other kinds of energy. It does not question the usefulness of the monopo lies held by France's stateowned electricity and gas utilities, but urges France to promote more competition in

French row over 'rule by judges' re-opens

William Dawkins on the latest clash between politicians and the judicial investigation system

political corruption has provoked the latest clash between France's politicians and its judicial investigation

The case has aroused alarm among all political parties, including the opposition, who fear that parts of the French magistracy may be running a

political campaign.

The magistrate in charge of an inquiry into Socialist party finances, Mr Renaud Van Ruymbeke, refused to confirm or deny the report about assembly president Mr Henri Emman-uelli before taking a month's holiday to leave all involved to stew in impo-

tent fury.
President François Mitterrand has leapt to the defence of Mr Emman-uelli, a former Socialist party trea-surer, and urged fast adoption of plans to reform criminal justice, to improve the rights of defendants and reduce the considerable powers of juges d'instruction, or examining mag-

France cannot be allowed to "fall under a government of judges", warns Mr Michel Vauzelle, justice minister. Magistrates' unions have replied that justice must be done, whoever stands

The row is being seen as the latest blow to the Socialists' reputation, after the truckers' strike and a court

NEWSPAPER report that the case over Aids-contaminated blood in Socialist president of the the public transfusion service. It cennational assembly - constitu- tres on a politically charged inquiry tionally the third most important man into alleged payments by construction in France – might be charged with companies into Socialist party coffers some time during Mr Emmanuelli's period as treasurer from July 1968 to January 1992.

The case attracted national attention in January when Mr Van Ruymbeke led a raid on Mr Emmanuelli's former office at party headquarters in search of documents relating to a link between the party and Urba, a construction company in Le Mens. He arrived, embarrassingly, on the same day as Mr Laurent Fabius moved in as the party's new first secretary, a coincidence which guaranteed televi-sion coverage for Mr Van Ruymbeke and fuelled suspicions that he might be politically motivated.

Mr Van Ruymbeke knows very well that the Urba case is a thorn in the Socialists' side. He took over the inquiry into possible payments by Urba to Socialist officials in western France after another examining magistrate, Mr Thierry Jean-Pierre, was asked by a tribunal in Le Mans to drop the case last year.

The political opposition was enraged at the time by what it saw as government interference in a case that could harm the Socialists and demanded the resignation of the then instice minister

The judiciary, for its part, has felt that it has been the victim of political interference for years. Magistrates

Emmanuelli: leaked report

were deeply angered three years ago - to the extent of going on strike - when the government gave amnesty to many of the people responsible for the once widespread raise cash for political parties.

The annesty was designed to allow all involved to turn over a new leaf before the introduction of tough new rules on party financing. It did not cover those who enriched themselves rather than their parties, as a result of which more than two dozen busismen are on trial over allegations relating to the 1988 presidential cam-

paign.
Since the amnesty, the government has on the whole pursued its anti-cor-

ruption drive with determination, though it is not clear how deeply it was involved with the removal of Mr Jean-Pierre from the Urba inquiry. Mr Pierre Bérégovoy, the prime minister, is planning to table new laws against political corruption in the autumn. At the same time, he is pushing on with the penal code reforms, to clip the investigating magistrates' wings.

The wide powers of Mr Van Ruymstanding feature of the French criminal justice system. They make inquiries or can order the police to do so, question witnesses, decide alone whether to bring charges and whether the defendant should be held in custody. Often young and on moderate salaries, they take pride in staging elaborate investigations and claim to be ready to root out the truth at any

Mr Van Ruymbeke has even more power himself, because he is an adviser to the prosecuting court and as such does not have to account to the public prosecutor. This quietly spoken, 39-year-old, Rennes-based lawyer, who denies any political motivation, has taken on big targets throughout his professional life. One of his earliest cases was against a former Gaullist labour minister in the early 1970s, who committed suicide after Mr Van Ruymbeke examined his bank account in connection with an alleged bribe. (A subsequent inquiry cleared Mr Van Ruymbeke of any

trates such wide powers is that they are in theory just as interested in proving innocence as guilt, unlike the police, who are understandably more prosecution-minded. The main control on French examining magistrates powers is that their cases must be scrutinised by a higher court before going to trial. As a result, French higher courts have a greater conviction rate than in the UK, for instance

However, the government believes that the controls on examining magistrates are inadequate in two senses There is the often unfair damage a juge d'instruction can inflict on a per son's reputation. It also believes that there are too many people held in French prisons awaiting trial or judgment - nearly 41 per cent of the total

So the penal code reform, to be voted in parliament next autumn would be to abandon the crude principle of charging defendants. Instead there would be a two-step procedure: an examination followed by a sum-mons. Defendants would have access to the magistrates' documents from the start. Examining magistrates would no longer be allowed to place their own defendants in custody. That decision would instead be made by a panel of three magistrates not

In the meantime, Mr Van Ruymbeke and his colleagues can be expec-ted to make the fullest possible use of their existing powers, however much

Russian reforms hit private sector

THE pro-market reforms in Russia have vastly increased. wages for workers and managers in the state-owned, heavy industrial sector — while pushing many private businesses mder and cutting wages in the

In a further sign of the run the state enterprises, Russia's oil producers have earned an estimated \$5hn (£2.6bn) this year, none of which has been invested in the industry. The implication is that much of it has been diverted to enterprise or personal bank accounts.

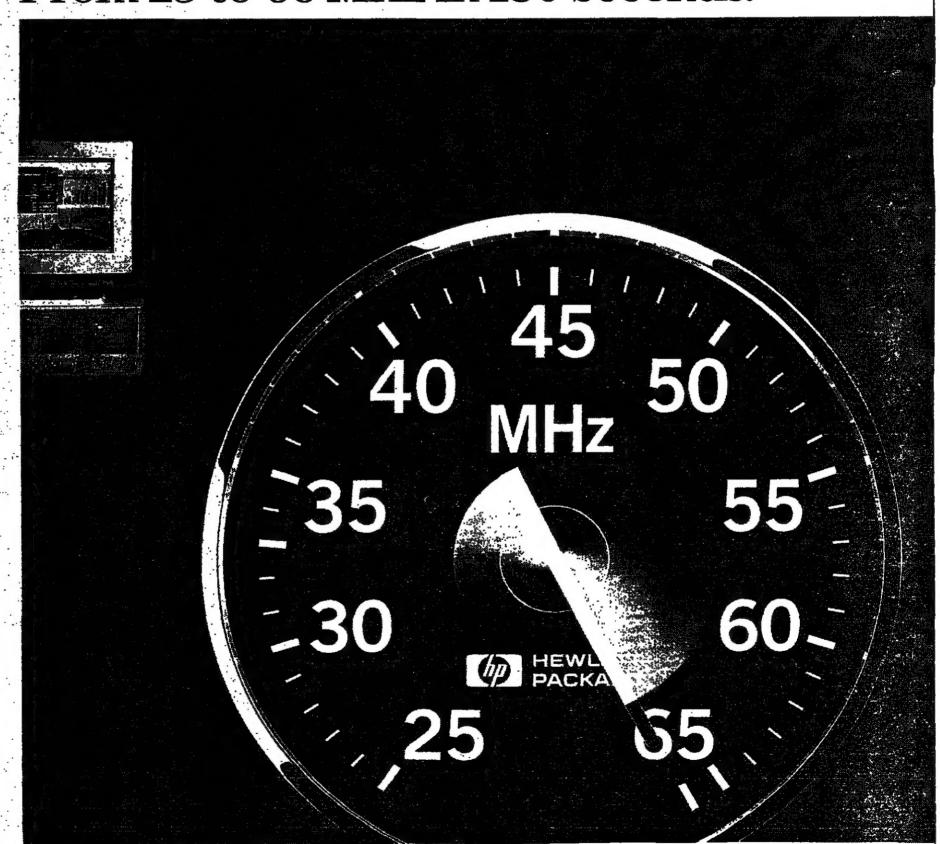
Professor Yevgenny Yasin, the government's plenipoten-tiary for relations with the parhament and head of research at the Russian Union of Industrialists and Entrepreneurs, told an international economists' conference yesterday these processes, "happening as

Prof Yasin said the directors of big enterprises were pushing up product prices and wages in the expectation of being able fully to control the enterprises, in association with the workforce, once they are transformed into joint stock companies as the government intends

"This is especially true in those industries most requiring restructuring, where production is dropping - for example in ferrous metallurgy, where production has dropped by 50

per cent over the year." At the same time, some 50 per cent of the co-operatives had gone bankrupt. While there are now other legal forms of private business, Prof Yasin said: "Certainly, the private sector has suffered while the state sector was able to get benefits from the government."

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NEWS IN BRIEF

French inflation down to annual 3%

FRANCE'S monthly inflation rate eased to 0.1 per cent in June, down from 0.3 per cent in the previous month, according to provisional figures from the insee state statistics body yesterday. William Dawkins writes from Paris.

The result, better than most forecasters were expecting, brings

the annual rate to 3 per cent, a fraction below the rate at which inflation had stabilised since March.

The improvement is believed to be due to lower energy prices and a consistently low price rise for goods. Inflation in the services sector, by contrast, is rising slightly above the headline figure. This leaves French inflation at L3 percentage points below

the rate in western Germany.

EC clears Air France move

The European Community's executive agency yesterday cleared a fresh infusion of capital into the French airline Air France, AP reports from Brussels.

The European Commission said it approved a FFr1.25bn (£128bn) injection by Banque Nationale de Paris for an 3.8 per cent stake in the state-owned carrier. A second one of FFr2.59bn by an international banking consortium was also authorised.

Media chiefs berate Moscow

Liberal Russian media chiefs accused the parliamentary leadership yesterday of trying to impose extensive controls that could pave the way for another hardline coup, Reuter reports from Moscow. In an appeal to President Boris Yeltsin, they criticised two resolutions drafted by parliament's presidium, arguing that these would re-introduce television censorship and impose direct control over a leading liberal newspaper.

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The possibility made reality.



Business-union Bombay accord close in open after South Africa

over the government's perfor-

Businessmen and business-

backed institutions such as the

Urban Foundation have con-

tributed to housing and educa-

tion programmes in the past.

However, the charter could

mark a remarkable new alli-

ance between business and

labour, based on a shared

objective of a rapid transition

to a democratic government. The charter calls on employ-

ers to assist in the creation of community "peace commit-tees", effective monitoring of the security forces, job cre-ation programmes, drought

relief, and technical training.

■ The South African Defence

Force said yesterday it was

"investigating the back-ground" of an SADF member who allegedly took part in a plot to kill Mr Dirk Coetzee, a

former South African police-

man living in London. Mr Coet-

zee says he was once in a police "death squad". The plot

was prevented by British intel-

London's Independent newspaper, a spokesman said two

SADF members went to Lon-

don in April to look into

alleged Irish Republican Army-ANC links. "During the visit,

one member, acting without

the sanction or knowledge of

the defence force, or any other

government authority, alleg-

edly decided to arrange for the

monitoring of Mr Dirk Coetzee,

Responding to reports in

mance in recent months.

Gawith in Johannesburg

SOUTH African business and labour leaders are near agreement on a "charter for peace which includes a call for elections for a transitional parliament within six months.

If successful, the Congress of South African Trade Unions (Cosatu), would agree to call off a general strike scheduled to begin on August 3. It was planned to last two or three days, followed during the rest of the week by activities designed to disrupt business life, including sit-ins and encouraging black taxi drivers to create traffic jams.

Instead, employers and unions would co-operate in organising public meetings calling for "peace, democracy and reconstruction". Normal economic activity would be

Talks with Cosatu are being conducted by the South African Co-ordinating Committee on Labour (Sacola), which represents the country's biggest employers. Earlier this week a Sacola spokesman played down speculation that agreement was imminent, but negotiators said yesterday that a draft document being considered could

be approved at the weekend. The charter will be put to a convention of business leaders for endorsement before the end of July. It would signal the start of a more wide-ranging business involvement in the former fugitive South Afri-national affairs, fuelled partly can police captain."

exchange scandal

By R C Murthy in Bombay and Shiraz Sidhva In New Delhi

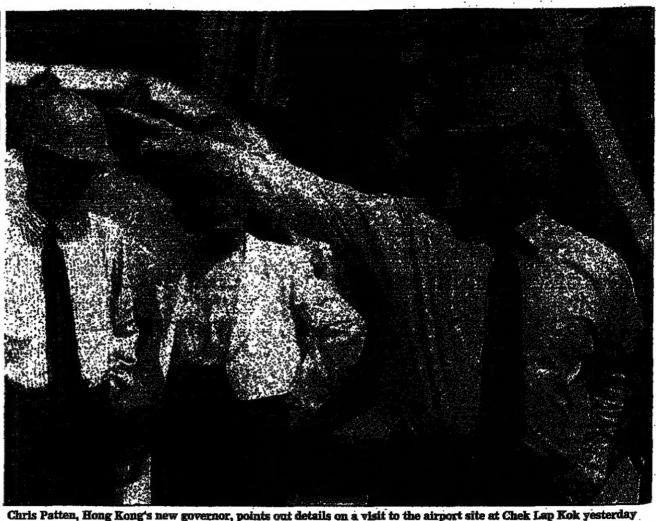
TRADERS yesterday resumed dealing on the Bombay stock exchange after a month-long absence as a result of the arrest of two top brokers and the attachment of their property in the Rs35bn (£650m) securities market scandal.

Share values fell, and the 30-share index was down 177 points to 2,912, with trading restricted to some 250 issues against the normal 1,500. The index was down 35 per cent from a peak 4,467 on April 22.

The brokers had sought free-dom to trade in all shares, including those dealt by the disgraced brokers. Mr Harshad Mehta and Mr Bhupen Dalal. But the custodian appointed by the government said each lot traded by the two brokers had to be checked and approved for trading. Under a compromise, traders have agreed to deal provisionally in shares that do not attract attachment by the

Unit Trust of India, the main mutual fund, which has been objecting to taking delivery of shares brokered by Mr Mehta, was the main buyer yesterday. The exchange set daily limits on the amounts of shares each broker could sell.

Mr PV Narasimha Rao, the prime minister, said his gov-ernment would never allow destruction of a mosque in the northern town of Ayodhya so that Hindus could build a temple on the site. Mr Rao made his statement to parliament in a debate on an opposition noconfidence motion the government expects to win.



HK eases stance on airport negotiations

in Hong Kong

THE Hong Kong government has significantly softened its negotiating stance with China over plans to finance the colony's HK\$175.3bn (£11.9bn) airport and related projects.

At a meeting of the joint Sino-British airport committee today the government is expec-

ted to propose to China that it approve the financial package for the airport and leave resolution of China's concerns about the sirport railway to future negotiations. Previously the Hong Kong govern-ment had sought approval for the whole financing for the

project.

The decision came on Tues-day at the first meeting of the

colony's cabinet, chaired by China's concerns about the Governor Chris Patten, and robustness of the colony's might indicate a more pragmatic attitude in dealing with

Beijing.
At the same time, the government released details of Hong Kong's foreign reserves - hitherto a secret known only to a few officials and never revealed in detail to Bei-

robustness of the colony's finances. It said Hong Kong's foreign reserves were US\$29hn at the end of 1991, 12th largest in the world. China's reserves are put at \$48.6bn. The government said knowledge of the figure would help lenders to its infrastructure programm realistically to assess the colony's financial health.

US warns Iraq of risk to ceasefire

THE US yesterday issued its sternest warning in months to Iraq, accusing it of jeopardis-ing the Gulf war cassefire by refusing to allow United Nations weapons inspectors to enter a Baghdad ministry building in search of documents, writes Mark Nicholson Middle East Correspondent.

Washington's tough statement, which implies that continued Iraqi resistance to the UN might prompt a military response, came as Iraq itself sharpened its recent defiance of the UN by demanding the annulment of all resolutions adopted since iraq's invasion of

Kuwait in 1990. In Washington, Mr Richard Boucher, a state department spokesman, said Iraq's refusal to allow a team of UN inspectors access to an agriculture ministry building "is putting at risk the ceasefire that concluded Operation Desert

Iraqi officials have denied the UN inspectors access to the building since July 5 and have couched the refusal in increas-

Algeria jails Islamic leaders

AN Algerian court sentenced Islamic Salvation Front (FIS) leaders Abassi Madani and Ali-Benhadj to 12 years in prison yesterday, Reuter reports from

Algiers. They were charged with con spiracy against the state, which carries the death penalty. Their party, now outlawed, was blamed for plung-ing Algeria into 13 months of violence and political turmoli.

Israelis raise campus tensions

Israel's new government yesterday became embroiled in an angry confrontation with Palestinians in the West Bank, underscoring the tensions that persist in the occupied territories despite talk of peace, Hugh Carnegy writes from Jerusa-

Troops laid siege to about 3.000 students and staff at an-Najah University in the West Bank town of Nablus, insisting they suspected armed activists were on the campus.

New Zealand's growth boost

The stream of positive economic indicators in New Zealand continued yesterday, with data showing the economy grew by 1.1 per cent in the March quarter, the third suc-cessive quartarly rise, Reuter

reports from Wellington. This followed news that inflation rose by only 1 per cent in the year to June, the lowest rate of all 24 countries

Japan's corporate Miyazawa works hard to rally faithful bankruptcies grow

By Steven Butler in Tokyo

JAPAN'S mainstream manufacturing and service industries saw a sharp rise in bankruptcies during June in a reflection of the broad slowdown of the Japanese economy, the Teikoku Data Bank

companies, at Y375.2bn (£1.6bn), was none the less the smallest figure this year. owing to the absence of large property-related collapses. The number of property-related bankruptcies fell from 104 a year ago to 86, registering the first year-on-year decline in nearly two years.

Property companies were first to be in distress last year when a period of high interest rates led to a sharp decline in asset prices. Last month's figures, however, show that corporate difficulties have now spread broadly through the

The total number of corpo-

rate bankruptcies during June rose to 1,171, the highest in

rose year-on-year by 33 per cent to 236 cases; in many transportation and communiindustries. Teikoku said that the high rate of bankruptcies was expected to continue in

are expected to accelerate later

nearly seven years.

Bankruptcles in construction turing by 36 per cent to 155; in wholesaling by 36.5 per cent to 284 cases. Similar increases cratic Party supporter had were reported in retailing,

the months ahead. ■ Private sector machinery orders in May plunged by 23 per cent from a year ago, the Economic Planning Agency said, making it the seventh consecutive month of year-onyear declines. The agency said that orders from big users in the automobile, chemical and machinery industries have yet to show signs of recovery.
Public sector orders increased by 11 per cent, and

By Robert Thomson in Tokyo

THERE was no doubt yesterday about the voting intention of the 77-year-old with the black string tie: "Of course i support Mr Nakasone. How could I not support him? I went to the same primary school as his father."

come to listen to Mr Klichi Miyazawa, the prime minister, who reassured the local faithful that their man, Mr Hirofumi Nakasone, was worthy of a vote in elections on July 26.

The vote, for half the seats in the upper house of parliament, is seen as a test of voter confidence in the ruling party which has been tainted by scandal, troubled by internal divisions and faced with opposition to legislation allowing military personnel to join over-

But for all the anguished debate this year over Japan's international role, the issues that yesterday most troubled the people of Gunma Prefecture, north of Tokyo, were

bridges, motorways and other public works projects of the pork-barrel variety. As the well-meaning Mr

Miyazawa gave a mostly elderly audience a rundown of his experiences at the Group of Seven summit last week and of his concerns about Russian inflation and Cambodia, a few of the little Japanese flags slipped from freckled hands and eyes gently closed. What stirs the locals was bet-

ter understood by Mr Nakasone, 46, son of Yasuhiro Naka-sone, the former prime minister, who began his speech with a polite reference to his respected father and gave a commitment to the eradication of traffic lams in Gunma.

The candidacy of Mr Nakasone is itself a sign of the small-town nature of Japanese politics. There are 13 sons of politicians competing for seats and the people of Gunma who have supported Yasuhiro are inclined to support Hirofumi in his campaign for re-election.

Japan's electoral system works against politicians who neglect the small town. Mr Nakasone is one of four candidates competing for two seats representing the Gunma dis-trict, and his main competition is coming from a local member of his own party, Mr Kosei Ueno. The two other candidates are from the Japan Communist Party and Rengo, the trade union party, and are also supported by the Social Democratic= Party and the middle-of-the-road Democratic Socialist Party.
LDP officials hope to retain

both seats, but one may go to the Rengo representative, Mr Yoshiro Akane, vice-president of the Gunma Sailing Association. With that outcome in mind, the two LDP candidates are running separate campaigns with separate headquar-ters, forcing Mr Miyazawa to give two separate Gunma

Meanwhile, Mr Miyazawa will continue his course around the country over the next week, attempting to convince his polite if unmoved audiences that Russia really matters and that Cambodia does count, and remaining slightly irrelevant to the elec-



NEWS: WORLD TRADE

Gatt rules against US in cement dumping row

By Nancy Dunne In Washington and Damian Fraser in Mexico City

A GATT dispute panel has recommended the US return millions of dollars in antidumping duties that it wrongly imposed upon Mexican cement producers.

The still-unannounced ruling under the anti-dumping code of the General Agreement on Tariffs and Trade (Gatt) comes as the US and Mexico. along with Canada, are in the final stages of negotiating a free trade agreement.

The cement case will be closely watched in Mexico and Canada for evidence that the US is prepared to abide by international rulings.

for the Mexican cement compa-nies, principally Cementos mos (Cemex), the largest Mexican cement exporter. The anti-dumping decision helped reduce Cemex's exports to 1.4m tonnes last year from 2.28m tonnes in 1990. Cemex redirected many of its exports to Asia at low margins.

The panel finding did not address the question of whether or not Mexican companies had "dumped" or sold at "less than fair value" cement and cement clinker, but it ruled that not enough US companies had come forward to support the complaint.

It was brought in the US as a regional injury case, supported by 61.7 per cent of the produc-

themselves prior to initiation that the petition was on behalf of producers of all or almost all of the production in the regional market."

Cemex had been, in 1989, the largest exporter of cement to the US, accounting for 28 per cent of the total. Under the terms of the anti-dumping suit. Mexican companies had to pay 58 per cent duties on their exports to the US.

Cemex was operating at 81 per cent of capacity at the end of 1991, mainly in meeting demand at home, so it may have only small scope to expand exports. In the longer run, though,

the decision should benefit Cemex, which plans to spend The decision by the Gatt ers in parts of an 11-state \$1bn to increase output by 35 panel - if accepted by the US region. The panel found that per cent in three years.

public would be tough in the

run-up to a general election

Big three weigh in for HK container port

Simon Holberton looks at the contenders for Kwai Chung's four-berth dock contract

THE right to build Hong Kong's minth container termi-nal is developing into one of the biggest commercial issues the Hong Kong government

has to face this year.

This week, the three consortiums presented their proposals to the government. They expect to attempt to qualify as bidders for a four-berth dock costing an estimated HK\$10bn (£67.5m) at the colony's Kwai Chung container port. The debate centres on the

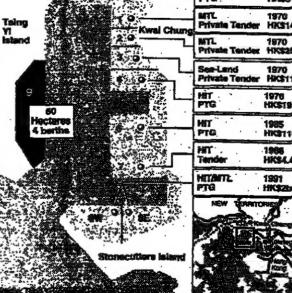
perceived need for more competition in the port to hold down costs to shippers and the need to ensure that existing operators remain profitable enough to fund current and future expansion plans. Underlying these arguments

is the bidders' desire to increase control of a facility that has been growing by 20 per cent a year and does not look like slowing down. The potential of the colony's

port was underlined by plans

west transportation links in China are poor, a distribution centre linked to the railway has the potential to feed manufactures and farm produce from the heartland of China to

The Jardine consorspective bidders includes not only the big operators of the port - the Hutchlson Whampoa subsidiary Hong Kong



Terminal development at Kwai Chung

International Terminals (HIT) and Modern Terminals Limited (MTL) - but also the Jardine Matheson group, and Ever-green, the Taiwanese shipping

The three consortiums are ail strong. HFT and MTL have joined forces and, if successful, will rationalise their existing ownership of berths which they claim will lead to efficiencies and higher container throughput.

tium - known as the Tsing Yi Container Terminal Consortium - includes Jardine 1991 HK\$2bn

Pacific and Hongkong Land, Sea-Land Orient Terminals - which already operates one berth at the port - Sun Hung Kai Properties, New World Development, Sinotrans of China, and Hanjin of South Korea. Jardine group members are expected to take a 30 per

cent share of the consortium.

The third group bidding for the right to operate the new terminal is led by Evergreen, and goes by the name United Terminal Consortium. It

Development, and three Japa-nese trading houses - Maru-beni, C. Itoh and Nissho Iwat. The current operators of the port, HIT, have been promoting themselves as the most efficient operator of Hong Kong's port facilities. They have also let it be known that failure to win Terminal 9 will diminish their interest in further planned container development Terminals 10 and beyond on Lantau Island

MTL and HIT have also threatened to invest in southern Chinese port develop-ment if they fail to win their bid for Terminal 9. Sea-Land which already has container facilities at the southern Taiwanese port of Kaohsiung, has said its position in Hong Kong would be under question if its bid fails.

Calls for more competition have come from the Hongkong. Liner Shipping Association and the Hong Kong Shippers Council, which represents exporters.
They believe a greater diver-

sity of ownership of the port will lead to lower costs of moving cargo across the docks. In the aggressive public relations campaign, the Jardine consortium is trumpeting the efficiencies of Sea-Land, its operator. Sea-Land with just one berth, or 6 per cent of the Kwai Chung port, directly handles 11.5 per cent of the TEU's (20 ft-equivalent) containers which

pass through it. Sea-Land also boasts a faster load/unload time than its comincludes Genstart Container petitors, shifting, on average, Corp., Guangdong Enterprise 225 TEUs an hour, compared Holdings, Henderson Land with as average at the port of

18. It says that this is an important consideration when ship owners have to pay between \$25,000 and \$30,000 a day in port.

Moreover, the Jardine group has produced figures showing terminal handling charges, paid to shippers by importers and exporters, are higher at Kwai Chung than at any other port in the region.

But more than 60 per cent of
Sea-Land's terminal business is

conducted with ships owned by Sea-Land or in a Sea-Land consortium; they too pay a terminal handling charge in spite of the claimed efficiencies. HIT/MTL so far have rested on their record of investment

in the port. HIT has spent HK\$21bn over the past 20 years and feels this "commitment" entitles it to a say in its future. It denies claims of high charges, pointing out that HIT's charges have risen 3.5 times over the past 15 years, while the capital cost of berth construction has risen almost 15 times.

HIT also points out that any new operator will face higher costs than an existing one in constructing Terminal 9 and that these higher costs will feed through to higher handling charges. Existing operators have the advantage of being able to spread the cost over existing facilities.
It has also taken up the issue

of competition. Efficiency is best served, HIT contends, not by increasing internal competition but by maintaining. co-operation between opera-

Drop Nafta, Mulroney told A Canadian official said vesleft-of-centre government.

By Bernard Simon in Toronto

ONTARIO, which contributes 40 per cent of Canada's economic output, has joined calls of bowing to growing pressure on Mr Brian Mulroney, Canadian prime minister, to pull out of talks on a North American Free Trade Agreement tional trade minister, is expec-

Mr Bob Rae, Ontario's social democrat premier, urged Ottawa to suspend its participa-tion, in protest against "virtu-cial said last night the talks ally unending trade could last until September harassment" by the US. British before all disputed areas were Columbia, which also has a resolved.

recently made a similar call. But the Mulroney government has given no indication to withdraw from the Nafta talks with the US and Mexico. Mr Michael Wilson, internated to join his US and Mexican

next year, but said: "The bottom line is that we have no choice but to be there." Opinion polls show most counterparts on July 25 for the Canadians oppose Naita and "final push" towards a Nafta the existing free trade agreement with the US. They blame the latter for job losses and fear that Nafta will bring an exodus of jobs to Mexico.

announced by the Wharf group to build a major distribution hub in Wuhan, Hubei Province, central China. In 1998 a dual-track railway terday that Ottawa's commitment to Nafta remained "rockwill be completed, linking Bei-jing to Shenzhen. As the eastsolid". He acknowledged that selling the accord to a sceptical

> the south China coast. The contest between the pro-

MAZDA is Creating Harmony Between the Environmental and Technology Based on Innovation

RX-8 IS THE FORERUNNER IN PASSING THE CLEAN AIR ACT STANDARDS.



LUCE PASSES 1978 JAPANESE STANDARDS WITH EXHAUST GAS RECIRCULATION.

1979

BEGINNING OF RESEARCH ON METHANOL CARS.

PRESENTS THE FAMILIA EV AND EV PROTOTYPES AT THE FLECTRIC AUTOMOBILE CARAVAN.

MAZDA BEGAN OPERATING THE ENERGY CENTER, THE FIRST CO-GENERATION SYSTEM EVER USED BY AN AUTOMOBILE MANUFACTURER IN JAPAN.

1988 ELECTRIC VEHICLE DEVELOPED BY MAZDA WAS USED FOR LIVE-BROADCAST AT THE SEOUL OLYMPIC MARATHON.

CREATED THE ENVIRONMENTAL & SAFETY ENGINEERING DEPARTMENT.

CREATED THE RECYCLING PROMOTION COMMITTE.

1991

REUSE OF PAPER BEGINS.

HYDROGEN ROTARY ENGINE CAR PRESENTED AT THE TOKYO MOTOR SHOW. SURROUND COMBUSTION LEAN-BURN ENGINE, M-MILLER CYCLE ENGINE, AND NEW GENERATION COMPREX DIESEL ENGINE PRESENTED AT THE TORYO MOTOR SHOW.

ESTABLISHMENT OF THE MAZDA GLOBAL ENVIRONMENTAL CHARTER.

STARTING WITH 1998 MODELS, MAZDA BEGAN INDICATING MATERIAL IDENTIFICATION CODE ON PLASTIC COMPONENTS IN ACCORDANCE WITH INTERNATIONAL STANDARDS ORGANIZATION (ISO) 1048.

DEVELOPMENT OF A NEW DECOMPOSING CATALYST CAPABLE OF RECOVERING OIL FROM ALL TYPES OF FLASTICS. DEVELOPMENT OF WORLD'S FIRST REPEATEDLY-RECYCLABLE PLASTIC COMPOSITE.

THE "MAZDA ENVIRONMENTAL ACTION" SYMPOSIUM WAS HELD IN LONDON.

INDUSTRY INITIATIVES FOR ENVIRONMENTAL CONSERVATION



The Democratic convention Wall Street contemplates change of guard approaches its climax approaches its climax

Clinton and Gore take centre stage

By Jurek Martin



the presidential nomination of the Democratic party.

The first two days of the convention which began in New York on Monday were, according to Mr Ron Brown, the Democratic national chairman, "all about defining the party". The next two were designed "to shift the definition" to Mr Clin-

ton and Senator Al Gore, his Mr Clinton's remarks were elicited on his morning run in Central Park. Otherwise he kept out of sight yesterday. working on the vitally important acceptance speech be will deliver tonight, and so did just about everybody else before

the formal events of the evening culminate in the ballot for the nomination. Mr Jerry Brown, the former governor of California, also went into seclusion working on the remarks he will deliver the nomination. It remained an open question whether he would endorse Mr Clinton or not, but the Californian delegation, containing his most fervent supporters, gave a warm reception to Mr Gore yesterday

had gone out of their dissent. Ron Brown predicted that Jerry Brown would come round, if not necessarily tonight. Asked what would happen if the former governor exceeded his allotted 20-minute speaking time, he grinned and replied: "We have this podium

morning, suggesting the heat

Jesse Jackson for his endorsement of the Clinton-Gore ticket on Tuesday night. The civil Gore leave New York for a

always supported Democratic presidential candidates and who would be essential for suc-

cess in the November election. Mr Jackson had indeed referred to "President Bill Clinton", declaring: "The hopes of many depend on your quest, be comforted that you do not stand alone." But much of his relatively subdued speech was an invocation of the traditional liberal causes which he is known to feel have been given less than their due by Mr Clinton's determination to bring the party back towards the

The party platform approved on Tuesday night was very much shaped in Mr Clinton's moderate image, with all minority recommendations voted down, though without rancour. Ron Brown described it vesterday as "common sense and pragmatic" and related to the problems of working peo-

He drew attention to the party's commitment to fight Aids. The convention had heard two moving speeches from Aids sufferers, though both were delivered before live prime time television coverage began. This coverage is much more sparse than in the past,

reflecting commercial pressure on the networks and the decline in public interest in conventions. Senator Edward Kennedy of Massachusetts, the focus of so many previous conventions, was to speak last night long before the cameras rolled, but an exception was being made for Governor Mario Cuomo of New York, who was to make the nomination Though satisfied with the

party's unity and Mr Clinton's rise in the polls, Ron Brown was not complacent yesterday. The great mistake of 1988, he said, was not to know what to do after the convention. "There He complimented the Rev will be no interruption in this campaign," he stated, pointing out that Mr Clinton and Mr

Carter calls for peace-making

MR Jimmy Carter, a defeated Democrat welcomed by his party, attacked his Republican successors late on Tuesday for fostering poverty at home and bloodshed in Latin America. He expressed doubts about the need to make war on President Saddam Hussein in Iraq last year, agencies report from

"The world cries out for peaceful resolution of conflict," the former president told the Democratic party convention is seen as more warlike than neace-loving. Our country should seek greatness in peace.

He portrayed the US government, since his tenure in 1977-81, as driven by expediency and impatience with negotiation, as well as being he would have a indifferent to poverty and calin the campaign.

"This has got to change," Mr Carter said. He did not mention ex-President Ronald Reagan or President George Bush by name, but his targets were

Earlier, in an interview, the Democratic senior statesman said he believed Mr Ross Perot, the independent billionaire preparing a tilt at the presi-dency this year, would be a big factor in the election and could ensure the election of Governor Bill Clinton, the presumptive Democratic candidate, or throw the race to a decision by the House of Representatives. Mr Carter said the Demo-

cratic party this year was "coming back to a more moderate position", similar to the one he had advocated. He said he would have a "limited role"

HE QUIET carpeted cor-ridors of Wall Street's top brokerage houses seem a world away from the bustle and bunting of Madison

Souare Garden. This election year, however, Wall Street executives are playing unusually close attention to events at the Democratic party convention. Many have a sinking feeling that Governor Bill Clinton could just win the presidency in

The reaction on Wall Street today to the Clinton/Gore icket is absolutely clear, says Mr Donald Straszheim, chief economist at Merrill Lynch. the broker. "It is fear, hostility and apprehension."

He has just completed an analysis of the economics of presidential elections and the omens do not look good for President George Bush

"The message is that the public votes its pocketbook," he says. Economic growth in the first three years of the Bush presidency has averaged a meagre 1.1 per cent a year, the worst record of any administration since the 1930s. Mr Bush's performance is far worse than that of either the second Eisenhower administration in the late 1950s or the Carter administration in the late 1970s, when growth averaged 2.5 per cent and 2.3 per cent respectively. Both incumbent parties lost the presi-

dency.
The figures on personal

come into

their own

WHEN it comes to stirring the

emotions, Mr Jesse Jackson is

still unmatched within the

Democratic party, writes George Graham in New York.

Although relegated to a less

prominent speaking slot at

this year's party convention,

he did it again on Tuesday

night, rousing his audience in

Madison Square Garden with a

powerful sermon on inequality

brought to the fore a different

style of black leadership, with

men and women who have

chosen to take elected office.

They include, in Congress, Representatives Bill Jerrson of Louisiana and Mike Espy of

Mississippl; in the states, gov-ernor Douglas Wilder of Vir-

ginia; or, in the party, Mr Ron

Brown, the Democrats' first black chairman. Many of Mr Jackson's sup-

porters were disappointed that

he ducked the opportunity to

follow the same path by run-ning for mayor of Washington

DC, choosing instead to take

the more symbolic role of

"shadow senator" lobbying for Washington to be allowed

Mr Brown served as conven-

tion manager for Mr Jackson's presidential campaign in 1988,

but he moved on to become a

senior political adviser to the

Dukakis campaign. Since tak-ing over as party chairman in

1989 he has worked to create a

Democratic campaign appara-tus ready to work for whoever

emerged from this year's pri-maries as the party's presiden-

tial candidate.
A 50-year-old partner in the Washington law firm of Pat-

ton, Boggs and Blow, Mr

Brown is a smooth-tongued

and sharp-suited operator

In the last three years, how-

ever, he has taken a prominent

behind the scenes.

statehood.

But the convention has

Black

leaders

depressing. Incumbent parties have invariably lost if the growth of real personal dispos-

able income in the year preceding the election has dipped significantly below about 4 per cent, Mr Straszheim says. Under Mr Bush, the figure is likely to be just over 2 per cent, nowhere near good enough to guarantee re-

incomes are even more

Earlier this year, most anslysts in financial markets assumed Mr Bush would win a second victory in November. Mr Straszheim is far from alone in taking the possibility of a Clinton presidency seri-

r Allen Sinai, chief economist at The Boston Group, an economic consultancy, says: My working assumption is that the Clinton/Gore ticket will win." He regards the weak economy as only one of several factors that could pull Bush

The disenchantment with Washington" will count against Mr Bush as will the growing perception that the president is asleep at the wheel," he adds. In failing to respond to acute domestic problems, Mr Bush appears almost as inept as President Carter in 1980".

man, filling the void left by

the low-key leadership of Con-gressional Democrats like Mr Tom Foley, speaker of the

House of Representatives. Governor Bill Clinton, in his

campaign for the presidential nomination, has been per-

ceived by some as shunning black votes by pointedly dis-tancing himself from Mr Jack-

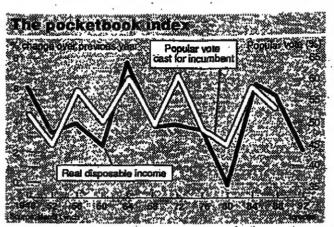
son. In fact, however, he has

developed strong support from

the new generation of black

leaders such as Congressman

Espy.
"I think the Clinton cam-



tion of Senator Al Gore from Tennesses - another moderate mate is also seen as signifi-cantly strengthening the Dem-ocratic ticket. On Wall Street, now largely a meritocracy, even committed Republicans feel uncomfortable defending Mr Dan Quayle, vice-presider who is widely regarded as lack-ing the qualifications for high

Mr Gore's intellect and energy, on the other hand, command grudging respect.
One leading Wall Street bond market commentator, who wishes to remain anonymous, is convinced Mr Clinton will win. But he says none of the above arguments is as important as the Supreme Court's recent decision narrowly to uphold abortion rights. With polls indicating that a majority of Americans are "pro choice, he claims this was the perfect result for Mr Clinton. It allows the Democrat to

present himself as the only plausible bulwark against the one judicial appointment needed by Mr Bush to overturn Roe vs Wade, the 1973 decision that legalised abortion. At the convention, a succession of minent female politicians, led by Governor Ann Richards of Texas, has pushed abortion to the fore, aggressively declar-ing themselves pro-choice.

On Wall Street, predictions of a Ross Perot presidency were conspicuous by their

Business is paying more attention to Clinton, writes Michael Prowse absence. Some analysts doubt the Texan entrepreneur will

actually run. The consensus is that he will press ahead but, like all previous independent candidates this century, be squeezed out by the two main political parties. In a part of Manhattan where Republican voters over-

whelmingly outnumber Democrats, many executives remain quietly confident that Mr Bush will successfully relaunch his campaign in Houston next Mr David Resler, chief econo-

mist at Nomura Securities and a self-styled libertarian, says Mr Bush is likely to get the most votes despite his poor economic performance. But he worries that nobody will win a clear victory on November 3, in which case the House of Representatives makes the final deci-sion. "This would be the worst possible result for financial markets because it would create the maximum uncer

Perhaps belatedly, Wall Street recognises that political judgments are now indispensable when making financial forecasts for 1993 and beyond. But analysts differ on the importance of politics.

Mr Paul Mastroddi, a senior economist at J. P. Morgan, the New York bank, says a Clinton presidency would not alter the

the constraints the budget deficit imposes on politicians of any party, he argues.

Mr Leonard Santow, a

founder of the Wall Street firm Griggs and Santow, disagrees A Clinton presidency would make a big immediate difference because a Democratie White House, co-operating with a Democratic Congress, could actually do something. "If Clinton wins, you would get a lot of early stimulative legislation; making up for 12 years of lost time." Growth next year would be 3 per cent compared with 1-2 per cent if Mr Bush were returned, he argues.

Financial markets are traditionally wary of Democrats. But faster growth under Mr. Clinton would put upward pressure on US interest rates. In the short run at least, the dollar could thus strengthen if Clinton victory appeared

all Street is only beginning to think through the longer term implications of a possible changing of guard in Washington. Many analysts fear for their own pocketbooks because Mr Clinton has promised to raise taxes on the wealthy. But aspects of Mr Clinton's economic programme, which emphasises the need for investment in education, training and infrastructure, are viewed

Bush hoping to hook Baker as campaign guru

PRESIDENT George Bush and the Republican party have mostly let Governor Bill Clinton and the Democrats hold centre stage this week, half in the hope that the opposition would revert in type and disembowel itself.

That has not happened, which means that when the attention will turn again to the Mr Bush's two-day fish-

ing trip, which began yesterday in Wyoming. At issue is not what Mr Bush and Mr James Baker, secretary of state, catch in the rivers, but whether the president can lure his old friend back into a leading role in his stuttering cam-

Democrats were nominating Atlanta, the two men also went fishing in Wyoming. Two weeks later Mr Baker resigned as Treasury secretary to run the Bush campaign and was considered instrumental in turning a double-digit deficit into a comfortable victory in

Mr Bush, according to the polls, is faring better than then, but the likelihood is that Mr Clinton will prove a tougher nut to crack than Mr Dukakis, while Mr Ross Perot is still muddying the conservative waters.

Moreover, it did not help Mr Bush that he was mildly booed when he attended an all-star baseball game in San Diego on Tuesday night. Undoubtedly more Americans were watching that game on television than they were the Democratic convention. One option is for Mr Baker to

be brought back as a combined campaign and domestic policy supremo. This has been assidu-ously denied for weeks and it may be that he can exercise at least the campaign part of the role from his present perch at the State Department. But his greater involvement is desired by many in the party.

There is expectation of a dirty campaign to come. The Republicans have disowned the activities of Mr Democrats leave New York Floyd Brown, now a renegade conservative activist but notoincumbent and his team. Frious for having been the pro-Campaign watchers are ducer of the scurrilous "Willie age: to see what emerges Horton" commercial four years ago which so damaged Mr Dukakis by playing on the fears of white Americans.

into Mr Clinton's private life and is trying, among other dirty tricks, to activate a telephone hotline featuring alleged taped conversations between Mr Clinton and Ms Gennifer Flowers, a one-time night club singer. On Tuesday the Bush campaign filed a formal complaint against Mr Brown with the Federal Election Commission and the president said in San Diego that "we will do whatever we can to see that he does not use my name for

these nefarious purposes". The tenor and timing of the re-election effort ultimately lies with Mr Bush

In one respect, the president has been consistent. He has always insisted the campaign proper will not begin until the Republican convention a month from now in Houston. Only then, he has argued, will the public mind concentrate on the alternatives.

It has, however, been an increasingly hard argument to sustain in the face of sagging poll ratings. The latest of these, reported in the New York Daily News last night, has Mr Clinton soaring ahead with 40 per cent of the vote, Mr Bush 31 per cent and Mr Perot

The strategy is risky. "Don't Fujimori and military in awkward embrace

last week by Peru's army top brass, has raised the first serious doubts about the solidity of armed forces backing for President Alberto Fujimori's de facto regime.

The flamboyant event involved some 2,000 army officers from all over the country and seemed to have been intended to provoke similar demonstrations of unquestioning loyalty by navy, air force and police. So far these have failed to materialise. On the surface, the parade and

speechifying were a robust response to an interview given in Europe by Mr Marlo Vargas Llosa, the internationally renowned Peruvian novelist who was defeated by Mr Fujimori in the last presidential election. His suggestion that Latin America would be better off without its armed

forces unleashed a hall of abuse from the Peruvian army's supreme commander, who accused him of "sickly anti-militarism" and of "being a Peruvian only by geographical accident". Along the way, army support for Mr Fujimori's suspension of the constitu-

tion on April 5 was roundly reiter-Mr Vargas Llosa carries no political

look for the hidden agenda behind the attack. The show of unity, admit even sources close to Mr Fujimori, conceals a potentially damaging discontent in the ranks of Peru's ever-influential armed forces.

Their first gripe is about money. Many enthusiastic but ingenuous officers expected immediate financial benefits from the money "saved" through the disbanding of Congress. But pay levels remain low – generals take home less than the equivalent of \$400 a month, even though Lima is now as expensive as New York - and unprecedented numbers of officers are leaving the services. Most US military assistance remains frozen because of congressional concern in Washington over human rights abuses.

Prospects for salary improvements are poor. Mr Carlos Bolona, economy minister, reiterated last week that any public-sector pay rises possible under his stringent fiscal management would follow established priorities - security forces first, then education and health workers.

The second concern, at least for the thinking and honest element among the military, is the lack of real progress against subversion and drug trafficking, Mr Fujimori's double edged weight in Peru today so one must justification for his dissolution of conSally Bowen on the problems and politics of the Peruvian president

gress in April. "The recent avalanche of detentions makes it appear there is a counter-subversive strategy," said one high-ranking naval officer, "but that's not so. There isn't the political will for it."

Reports from Peru's coca-growing zones, meanwhile, indicate that sectors of the army and police are still involved in "protecting" drugs air-craft, collecting fees of between \$3,006 and \$5,000 per flight. A further cause for military unease

is the continuing - for many, malevo-lent - influence of a once-cashiered captain over the president. While Mr Fujimori insists that Mr Vladimiro Montesinos is simply his personal lawyer and one of a number of close advisers, top military and intelligence men attribute extensive powers to this shadowy figure they call "the

Recent wrangling over promotions, where the hand of Mr Montesinos is said to rule, has left an after-taste of bitterness and suspicion with many high-ranking officers. We never get to talk directly with the president any more," complains one. "Montesinos just comes and gives us the latest news through a half-open door." There are signs that, as Mr Fujimori

Convention colleagues: Congresswoman Nancy Pelosi and Reverend Jesse Jackson in buoyant mood. A different style of black leadership has come to the fore

They have gone directly to

indigenous leaders and elected officials," said Congressman

John Lewis of Georgia, a leg-endary figure from the civil

rights era who bridges both

wings of the black community,

and who has backed Mr Clinton in his home state of Geor-

On Tuesday Mr Clinton won

the endorsement of Mr Wilder,

the country's first black gover-

nor since Reconstruction after

the Civil War, who was briefly

a candidate for the Democratic

gia and in the south.

draws closer to the military - he has virtually abandoned the government palace to live in the military Pentagontto (little Pentagon) in Lima - support from the de facto regime's other two pillars is starting to be

One prominent entrepreneur, a reular member of the presidential entourage on a series of investmentseeking trips abroad last year, says:
"President Fujimori is becoming more and more isolated from the real world. His increasing authoritarianism is very perturbing. The reality, however, is that, with

international funding and overseas . investor interest in abeyance until a return to democracy has been engineered, support from the business community is of little immediate interest to a pragmatic president. "Peruvian businessmen have always prostituted themselves before whoever's in power", said one close presi-dential adviser. "For a while, they were the darlings - but not any

Mess With Jesse" is a cry that

reverberates strongly, particu-larly with big-city black lead-ers like Congresswoman Max-ine Waters of Los Angeles and

Congressman Charles Rangel

But Mrs Hillary Clinton's

enthusiastic welcome by the

Democratic national commit-

tee's black caucus suggests

that her husband's bridges to

the community have by no-means been burned. "We will

speak for you in November at the ballot box," said Dr C.

DeLores Tucker, the cancus'

of New York.

Support on the streets is, too, falling from its initial cuphoric levels. A survey by the Lima-based Apoyo polling organisation in late June showed popular approval for Mr Fujimori at 68 per cent, down eight points in little over two weeks. But the president continues his

periodic tongue-lashing of the tradi-tional parties and the media - tactics which usually push his ratings up a few points. News of the collapse of a series of financial institutions linked to the previous government has also been skilfully handled by the presidential psych-ope team to achieve maximum discredit for the opposition Apra party in particular and politi-cians in general. Diplomatic observers continue to

wring their hands at the degree of improvisation which pervades every level of government activity. Hardly a decree is passed, a tax level fixed or an election date finalised than it is retracted within hours. "The problem is," explains a rueful presidential adviser, "that Mr Pujimori knows what he wants but he doesn't know how to get there."

Industrial output in US falls 0.3%

By Nancy Dunne in Washington

US industrial production fell 0.3 per cent in June, the first decline in five months, the Federal Reserve reported yes-

terday.

Although most of the fall was attributed to a two-day railstrike which led to a drop in coal mining, other key sectors. were also lagging.
The output of consumer

goods fell 0.4 per cent with cuts in car and truck assemblies accounting for about half the total loss.

Production of appliances and furniture continued to improve - a sign of the boost given to housing with lower interest rates but the output of many non-durables, including food and clothing, also

The Industrial Production Index had been rising about 0.5 Although analysts had been

expecting a June decline in industrial production, the fall underlined the frailty of the economy and bolstered fears that the recovery might stall or fall into a "triple-dip" reces-

Unemployment, now at 7.8 per cent, is unlikely to show much early improvement, with large numbers of projected layoffs being announced by the

Industrial capacity utilisation in June fell 0.4 percentage points to 78.5 per cent. Other reports have indicated similarly lacklustre economic

performance, despite sharp reductions in interest rates. On Tuesday, the Commerce Department said retail sales went up just 0.5 per cent in June after a 0.4 per cent gain in May.

For the second quarter as a whole, production grew at an per cent for each of the preceding four months.

contrast to the opening period when it shrank by 2.9 per annual rate of 4.5 per cent, in

Hea

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Government | Britain in brief

'no longer

By David Goodhart,

THE UK government is no

longer at war with the trade

union movement and believes

that they can have a valid role,

according to Mrs Gillian Shep-

bard, the new secretary of

added that the government's

trade union bill, which intro-duces a number of further

restrictions on the unions and

is likely to go before parlia-ment in October, was only a "tidying up exercise". "I don't see this as part of a

war against the trade unions.

There was a war in the 1980's

but that is now over", she said. These comments are the first

attempt by Mrs Shephard to

distance herself from the more

aggressive stance of her prede-cessor Mr Michael Howard, the

She has tampered little with

Mr Howard's trade union bill,

which includes restrictions to strike action and to the automatic "check-off" of union

dues by employers, but has

added an element of her own which deliberately underlines

her own priorities.

The new element is a move

to shake-up the schools

Careers Service by insisting

that the service, currently run

by local authorities, is put out

sion of careers advice," said

We must free up the provi-

new environment secretary.

Labour Editor

Sea Containers bids to run rail franchise

By Richard Tomkins, Transport Correspondent

SEA CONTAINERS, the Bermuda-based shipping group headed by Mr James Sherwood, yesterday revealed that it had put in a bid to operate a large proportion of British Rail's Network SouthEast services as soon as they come up

for privatisation. Mr Sherwood has formally approached the government with proposals to take over all services on the network between London and the south coast towns of Weymouth, Portsmouth, Brighton and Eastbourne, including services from Gatwick Airport into central London.

If successful, Mr Sherwood would plan to introduce double-decker trains to the main routes so that larger numbers of commuters could be carried in more comfort than is now

He is also considering the

idea of running "jam-buster" car shuttle trains that would whisk motorists and their vehicles through heavily congested south-east England and into central London

Mr Sherwood's proposals go far beyond those of other com-panies that have so far expressed an interest in taking advantage of the government's rail privatisation proposals set out in a policy paper on Tues-

Companies such as Virgin Atlantic, the airline, and Stage-coach, the bus operator, have focused on the idea of operating a small number of trains on InterCity routes where BR will continue to be the main.

to be one of the first companies to bid for a franchise to take over an entire tranche of BR

Sea Containers' claim to credibility as a train operator rests on its position as one of

Britain's larger transport companies.

Its operations include Wightlink, the Isle of Wight ferry operator, Hoverspeed, the cross-Channel hovercraft and catamaran service; and the Isle of Man Steam Packet Com-

As proprietor of the Venice Simplon-Orient-Express, which runs twice weekly between London and Folkestone, it is also the only existing private sector operator of regularly scheduled trains on BR tracks.

Mr Sherwood' plan is to take on BR's rolling stock initially but gradually to replace it with his own. He would be looking for a 60-year franchise, terminable by the government at 10-

Steep fare increases would be necessary to make the ser-vices pay, Mr Sherwood said. Part of the deal would have to be an agreement by the gov-ernment that commuter fares would be allowable against tax.



Bank to offer low-cost

cash transfer Tipa-Net, a low-cost method of transferring money between European countries, is being introduced by Co-operative Bank in the UK and other

state for employment.
Mrs Shephard told Journalists yesterday that she was not interested in "talking to the unions in a hostile way". She European co-operative banks. The service comes in response to calls from Sir Leon Brittan, EC competition commissioner, and the European Commission for cheaper and easier methods of cross-border payment. It will cost £5 per transaction to have funds sent to France, Belgium, Germany, and Italy within four to seven working days. Canada is also included in the service which guarantees consumers that

> made at reasonable rates. Business customers will be able to transfer money through Tipa-Net at negotiated bulk rates well below the £5

currency conversions will be

Environment agency planned

The government is to press ahead with a "one-stop shop for environmental protection", bringing together control of air, land and water pollution, Mr Michael Howard, environment secretary, said.

An independent Environment Agency was originally proposed by the government

last year, but the Queen's Speech two months ago - out-lining the legislative pro-gramme after the general election - failed to mention it. Since then, the Rio Summit and the UK's accession to the presidency of the EC have given environmental matters a

Parcelforce sell-off soon

fresh prominence.

Parcelforce, the loss-making parcel delivery arm of the Post Office, is to be privatised as soon as possible, said Mr Michael Heseltine, trade and industry secretary. He emphasised there would

continue to be a universal parcel service at a uniform and affordable tariff, indicating the tariff would remain a matter decided by the government. Mr Heseltine indicated that financial support would be made available so that man-agement and employees could put forward a bid. Other potential bidders could include rivals United Parcels Service, TNT and Securicor.

Parcelforce has the leading 34 per cent share of ordinary parcel deliveries but only 2 per cent of the premium "next day" market. Its turnover for 1991-92 was £508m and it sustained a loss of £24m.

Insurance claims rise

A rising tide of theft claims is costing insurers more than try figures.

Both the cost and numbers of claims rose sharply in the first three months of this year, the Association of British Insurers' figures show. The

increase on the recession but says that consumers are increasingly likely to cheat on their insurance policies. In the first quarter of 1992

the cost of theft claims increased to £300.7m, 44.2 per cent more than in the same period of 1991.

Lessons learnt from fraud trial to dividends

The Serious Fraud Office would not handle the year-long Blue Arrow fraud trial the same way again, the Court of Appeal heard yesterday. Mr Nicholas Purnell QC,

who brought the prosecution for the SFO, said his original estimate that the trial would last four to six months was genuine and sincere. The first lesson to be learnt was that pre-trial hearings had to be more rigorous than was the case in Blue Arrow, he said. However, there was no risk the convictions of four City advisers of conspiracy to defraud were unsafe or unsa-tisfactory, he continued.

Mr Jonathan Cohen, Mr David Reed, Mr Nicholas Wells, all former County Nat-West executives and Mr Martin Gibbs, a former UBS Phillips & Drew director, are appealing against their convictions for conspiracy to

Staff patterns show change

The recession has permanently changed staffing patterns in UK companies, but as the economy picks up companies are still likely to be hit by skill shortages, according to a survey of 350 companies by Reed

Personnel Services.

identified include more central control over staffing, the restructuring and cross-training of a permanent core of staff and some greater use of flexible contracts. More than 80 per cent of companies said they wanted to, and would be able to, hold on to these changes.

R&D sacrificed

UK businesses are diverting cash that should be spent on research and development into dividend payments for shareholders, according the National Economic Development Office.

Comparing the UK with Ger-many, a book published by Nedo notes the main difference between the two is seen as smaller companies grow. "In the UK they typically seek a stock market quotation, in Germany they are funded by their banks", which are prepared "to forego dividends during periods of financial dis-

BCCI creditors' move fails

Creditors of the Bank of Credit and Commerce International failed in an attempt to submit evidence from the Luxembourg Monetary Institute which they argued would strengthen their attempt to reject the compensation plan negotiated between liquidators and the Abu Dhahi majority shareholders.

The Luxembourg evidence outlines a strongly-worded objection to the liquidation plan from the LMI, which had regulatory responsibility over the Luxembourg-registered BCCI Holding and BCCI SA, one of the two main banking

Irish ministers meet Unionists at Stormont

Irish ministers left the Stormont parliament buildings in Belfast yesterday after meeting Unionist politicians as talks on Ulster's fature broke fresh ground. From left: Des O'Malley, industry minister, John Wilson, deputy prime minister, Padraig Flynn, justice minister and David Andrews, foreign affairs minister. Unionists have not met Irish ministers in Belfast since the troubles began and talks have never before included representatives of hardline and moderate Unionism. The latest foreign the speed introduction of a waveless which began in April around in Landon left. talks, forming the second "strand" of a process which began in April, opened in London last week and continue today.

The symbolism of the meeting was increased by being so soon after the traditional celebrations at the weekend of the Protestant William of Orange's victory at the 1690 Battle of the Boyne over the Roman Catholic King James II.

Virgin in Heathrow row on slots

By Daniel Green

A ROW broke out yesterday between Virgin Atlantic Air-ways and London's Heathrow airport after Virgin cancelled the launch of its London to Johannesburg service blaming a lack of landing slots. Mr Tim Walden, chairman of the Heathrow scheduling com-

mittee, said that Virgin's claim that the route launch was cancelled due to a lack of slots is wholly misleading and

Mr Richard Branson, Virgin chairman, said that although it had been given some slots, most of them meant that the aircraft would have to take off from Johannesburg "in the early hours of the morning." He added that there were no guarantees there were any slots at all after the winter

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Cabin crew vote for strike on BA flights

BRITISH Airways services in the UK and Europe face disrup-tion as the height of the holi-day season approaches after 2,600 cabin crew voted to strike over pay cuts.
At the same time, more than

200 staff, based at Manchester and Birmingham, presented the company with writs for breaches of contract to start a

claim for damages.

The TGWU general workers' union said the strike action, which is likely to include a series of one day strikes, would cause disruption to the flight plans of thousands of travel-lers.

British Airways said it was not expecting any disruption to services: "A ballot does not necessarily mean a strike." Union officials will meet on

Friday to decide on the precise form and timing of the action. There are no plans for a meet

ing with management.

The dispute is over changes to terms and conditions which the TGWU says mean staff at Manchester, Birmingham and in Scotland face cuts of £2,000 a year on an average £16,000 sal-

Next year they would receive a pay rise only if inflation was above 4 per cent. They would also lose holiday pay supple-A strike vote last month was

set aside by the High Court because the wording on the ballot paper was illegal.

A TGWU official said: "The

ball is firmly in the company's court. It will be best for British Airways and the travelling public if management will now seek to settle this dispute without further confrontation."

WORLD

Look at the Cessna Citations. More than one of every two light and medium jets delivered in 1991 were Citations. The reason is simple.

Businesses all over the world compared business jets for performance, cost of operation, reliability, safety,

cabin comfort, and all the rest. And nearly 60 percent. of them bought Citations.

these guidelines — or any criteria you choose. We're confident that you will arrive at the same conclusion:

How to shop for a business jet. Look at the support network. Look at the cabin comfort.

L Look at the overall performance.

You buy a business jet to save time. But a fast cruise speed isn't the only way to cut travel time. Also compare climb rates and cruise altitudes. Jets that climb quicker to higher altitudes often get the quickest takeoff clearance — which can save long waits on the ramp. Some jets also can operate safely, and without noise restrictions, in and out of smaller airports with short runways. This can often get you much closer to your destination and save even more travel time. While sparing you the hassle of busy metropolitan airports.

Look at the operating cost.

Fuel usage is clearly a major portion of the total operating cost. So be sure to carefully evaluate the fuel efficiency of each business jet.

But there can also be significant differences in the cost of maintenance, because jets with complex systems are more costly to maintain. Simpler is better. Some jets even cost less to maintain than turboprops.

Look at the reliability.

Like most of us, business jet manufacturers don't like technology. to spend unnecessary money. And the cost for warranted repairs comes right out of the manufacturer's pocket. So the length of the manufacturer's warranty is

Ask about the number of service facilities. Ask if they are strategically located around the world for your convenience. Ask if they carry large inventories of spare parts. Most importantly, ask for a list of current customers for you to contact. And be sure to call them.

Look at the safety features and safety record.

While all business jets have a good safety record, some are simply outstanding. Check the record and look for important safety considerations, such as coclepit visibility, landing speeds, and handling characteristics. Single-pilot certification by the FAA is also an excellent indication of operational ease and safety.

Look at the technology.

New technology has made some of today's business jets safer, faster, more reliable, and less expensive to operate. But others still employ airfoils and serodynamic ideas developed before 8-track tapes were invented. Ask for dates and details on aircraft

Make sure a person seated in the back has the same head and shoulder room as someone seated in front. Some aircraft taper inward at the back of the cabin. The best way to evaluate any business jet is on a typical business trip. During the flight, pay attention to the noise level. See whether you could conduct an in-flight business meeting comfortably.

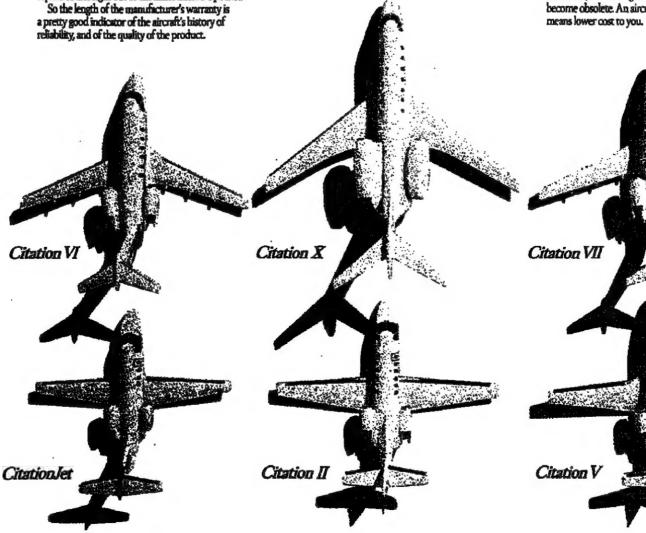
Look at the luggage space.

Like a car with a tiny trunk, a business jet with insufficient baggage space severely limits your

flexibility and comfort. Cubic footage tells part of the story. But the number can be misleading if the space is an odd shape. Look for a large compartment that's the same shape as your luggage - rectangular. And make sure bags can be loaded from outside, and don't have to be dragged through the cabin.

Look at the resale value.

Generally, the aircraft models with the largest worldwide fleets have the highest resale values. A large fleet ensures the availability of parts and service in the future, eliminating fears of buying a jet that may become obsolete. An aircraft with a high residual value



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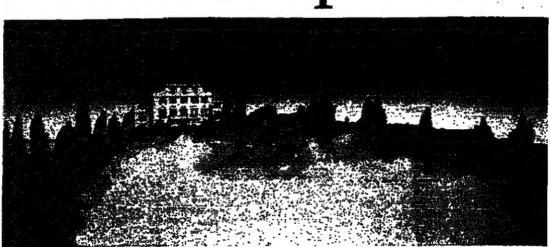


INVESTMENT OPPORTUNITY MI The City of Gyor and their partners invite Investors to COMMENT participate in a Thermal Hotel project, which is planned to be inside the City Centre, in one of TRAVELS THE

MANAGEMENT: MARKETING AND ADVERTISING

Nestlé is abandoning conventional ads for a subtler approach. Guy de Jonquières reports

Pasta and promotional sources



ger supermarket chains, many of which actively promote their own "private label" products in competi-tion with manufacturers' brands.

This trend, which is particularly pronounced in Europe, has increasingly placed control over the supply chain in the hands of the retailers and enabled them to dictate terms even to their biggest suppliers. "We have been blocked out from the consumer by the trade," says Brabeck. Secondly, the growth of new splintering the mass audience, won't act. while consumers are also becoming more resistant to advertisers' mes-

There is no mass consumer any more, and people today don't act just because someone tells them something," says Brabeck.

"They can look at advertising and say 'this is very interesting, I like it' or I don't like it', but they are mentally switched off. You can treble advertising spending, but if you

cation link with consumers, they

Third food manufacturers have sent the wrong signals by basing their marketing and brand strategies too narrowly on product and rocess technologies, such as frozen

"But people today do not think in terms of frozen foods, they think in terms of concepts like Lean Cuisine Weight Watchers and Healthy

Options," says Brabeck.

them. Twenty years ago, it stood for bought the Buitom family villa in technological advance, for freshness, for premium products. Today, at worst, it means something which is old and stale."

That is not to dismiss the importance of technology. As Nestlé points out, regular apdating of the Nescafé formula has helped keep it the world's best-selling instant coffee and the company's most profitable product. However, cons are not interested in how food is processed, but chiefly in taste, aroma, texture and convenience.

That message, Brabeck concedes, is only gradually being absorbed by Nestlé, where attitudes remain heavily influenced by the compa ny's traditional preoccupation with product management and its faith in technology as a prime source of competitive advanta-

In such a large and decentralised company, change cannot simply be imposed from the centre. To speed things up, Brabeck plans to use Bui-toni, the Italian pasts maker. acquired by Nestlé in 1988, as a testhed for marketing innovations. Buitoni was chosen because it

was unambiguously not a: "technological" brand, he says. Rather, the name of the same is . creating instant heritage. At Brabeck's suggestion, Nestlé has

Tuscany, which will serve both as the Italian company's development centre and as the central theme of its future brand image.

Buitoni's packaging is being redesigned to carry a "seal of quality", featuring a painting of the villa. Once the villa is inaugurated in October, Nestlé will invite consumers to enter competitions, for which the prizes will be a week's cooking course there and a chance to participate in Buitoni's product

Bultoni "club" with its own magazine, which will carry features about Italian wine, food and holidays. "If I communicate with you about something you are interested in, my products become more part of a full package. The people I am really talking to are those who are interested in Italy," he says.

These efforts to build consumer loyalty will be buttressed with experiments with distribution channels, independent of the supermarket trade. Nestie has already developed a prototype vending muchine, designed to serve portions of hot pasta to consumers on the move. Other innovations will include

selling Buitoni products at special shopping mall bounques and street market stalls, and promoting the brand with travelling road shows which will stage performances, designed to appeal particularly to children.

Further ahead, advances in electronic point-of-sale technology may offer fresh opportunities to forge closer links with consumers. One would be a system which would enable purchasers of Nestle products to earn "points" and qualify for special offers by punching electronic cards into terminals installed

Nestlé concedes that all these ideas face difficult hurdles. Setting up alternatives to supermarket distribution is a costly proposition, and even if it succeeded, the company would still require the super-markets' co-operation to achieve its

"We want to make Buitoni a leading worldwide brand," says Brabeck. The problem is that I don't think the trade is very interested in having a new brand created. If you look in a supermarket, you find that we are forced to concentrate more and more on very few brands. We simply have no choice."

Nonetheless, he remains convinced that in the longer term, advertising spending should decline sharply in favour of increased emphasis on point of sale promotion and other forms of marketing sup-

."Today, the advertising-promotion split at Buitoni is perhaps 80-20," he says. "For me, it should

📕 n Flips Diner, a 1950s pastiche in chrome and apple green with Chevrolet advertisements on the walls, a gaggie of teenage schoolgirls are drinking Coke and

Born in the late 1970s, they find the diner glamorous and its cosy booth seating ideal for discussing boys. "They all go to diners in the films," says 15-year-old Jenni

n every recent recession, jere-

miahs have warned that adver-

tising spending would never

regain the levels of the good old days - only to be proved wrong once economic recovery arrived.

But listening to Peter Brabeck,

Nestlé's chief marketing strategist

and head of its food products busi-

ness - source of more than half the

Swiss company's SFr50.5bn

(£19.3bn) sales last year - you

begin to wonder whether this time,

Nestlé is one of the world's big-

gest advertising spenders, with a

SFr2bn annual budget. Unlike many

US competitors, it has refused to

bow to recession by sacrificing

long-term brand support in favour

of "below the line" activities such

as retail price promotions, intended

Yet Brabeck is deeply sceptical

about relying on mass-media adver-

tising as the main method of

influencing consumer behaviour.

"For me it is very clear. Advertising

is out, credible communication with

the consumer is in. And these are two different things," he says. In his view, Nestle is increasingly

threatened by isolation from the

market, and its brands imprisoned

n a "ghetto" from which advertis-

ing provides no escape. The only way to break out is by finding more

effective ways of forging relation-

ships with consumers and building

Brabeck's gloomy diagnosis is based on three broad developments.

The first is the growing concentra-

tion of the formerly fragmented

food retailing trade into fewer, blg-

hrand loyalty.

to boost short-term sales.

the jeremiahs could be right.

Evans. On the other side of Monument Mall, Newcastle upon Tyne's newest retail development, Wilf Gray and his wife are drinking coffee in the Choux Shop, sitting on dark wood chairs beneath a reproduction Victorian light fitting.

Tynesiders in their late 50s, they are reminiscing about Tilley's tearooms, an oak-panelled, now-defunct local Institution

"Tilleys had more atmosphere but this is very nice," says Margaret Gray. Her husband agrees but frowns as they pass the Perfect Pizza bar and the Manchu Wok Chinese eaterie, also on the Mall's top floor. "Those don't appeal to me at

Tea for C2s on an outing to the shopping mall

Consumers are happy to stop for a bite, so long as the theme is right. Chris Tighe explains

of-town shopping complexes and glitzy city centre malls has changed not only retailing but also the catering offered to footsore

Old style queueing at long self-service counters, where strings of customers wanting only a cup of tea would wait inertly behind a family ordering fry-ups, has given way in many locations to food irts like Monument Mail's, offering different types of food and service in various themed units.

Assessing potential demand. designing the eating areas and operating them has become a speci-ality niche for Courtlands, which describes itself as the largest independent food court operator in England.

But the recession poses an acute marketing problem; how does a fast-growing company, operating yourself".

solely in post-1985 shopping developments and frankly describing itself as "parasitic on retailers", defend its market share and profit margins when retailing is in the

For Courtlands, born six years ago at the inception of the Metro-Centre in Gateshead and now running more than 60 units in 13 city centre and out-of-town locations from Southampton to Newcastle, the key is demographic and market research: always important, it has come vital in a recession.

Mostly, says managing director Jonathan Gillespie, his clientele are the C1s and C2s - the lower middle and skilled working classes; they are the people who like to linger in malls and enjoy spending money, rewarding themselves with food and drink en route. They are receptive to the message: "Treat

As and Bs - the middle and upper middle classes - have more money but they are a difficult audience: educated, selective, not keen on spending and "semi-moralistic". They tend not to stay long in malls he says, preferring to discover the cheapest prices and then go home to beat down their local shopkeeper, whom they then feel good about supporting.

However where As and Bs are a big enough catchment, his company slides upmarket.
At Hedge End, a Southampton

superstore development with Marks and Spencer and Sainsbury, Courtlands' sandwiches become filled baguettes and it sells espresso and cappuccino to weary shands at a little Cafe Express unit: "a lifestyle concept", enthuses

Gillespie.

Pensioners – category E – are a difficult market too; on coach trips

to out-of-town shopping centres, they consume little. This is bad news for Gillespie, who sees his job description as increasing share-

In the current market, he says, units are working at only 80 per cent effectiveness; he needs to attain 70 per cent or even 80 per

An admirer of the Americans' grazing approach to food consump-tion, he wishes the British would eat meals at off-peak times; he is now working on a campaign to offer OAPs reduced price mid-after-

noon fish and chips.

But mostly, although conscious of a £3 a head barrier among his customers, he shies away from price cutting; his units' pitch is quality of environment, food and Instead he is trying to maintain

spend by offering extras as special

Skales on at Flipe Diner



ctions, like a baked potate

as strawberries and cream for.

22.75p, or children's meals for 99p:

the child sprat catches the adult

Name signs too are vital in the fight for market share. The more obvious you make the name over the door, the easier it is for people to make purchasing decision says Gillespie. And decor matters; he believes people are becoming socially lazy, wanting to be enter

tained by their surround He is also experimenting with seating; empty expanses deter unnerve those who do consume undermining attempts to build brand loyalty.

Monument Mall is the first Courtlands food court where all seating is unit specific.

Compared with traditional cafete rias, Courtlands' range of food looks wide; but coffee, cakes and sandwiches are still the big sellers. impovation can be risky; one customer who ordered an espresso complained, loudly, that it had etimes," sighs Gillespie "you do things ahead of their aspi

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HUNGARY TELECOMMUNICATIONS BUILDING CONSTRUCTION PROJECT Invitation to Bid

The Hungarian Telecommunications Co. Ltd. (hereinafter referred to as HTC) has received a loan from the European Bank for Reconstruction and Development (EBRD) towards the costs of constructing a new telephone exchange building complex in District VII of Budapest. The gross floor area of the completed building will be 10.813 square meters, comprising two basement floors and five upper floors and it is anticipated that the contract period will be for 18 months commencing in December 1992.

HTC now invites sealed bids from qualified bidders for the detailed design, construction, fitting-out, furnishing and commissioning of the said building complex. The contract will not include the installation and commissioning of the telephone exchange which will be let under a separate contract.

As part of their tender, contractors will have to be able to demonstrate compliance with the following minimum

- criteria, inter alia: - A proven track record in Hungary, or in one of the other emerging democracies of Eastern Europe, including recent projects of a similar size and complexity either completed or under construction.
- A sound corporate financial record over the last three financial years. Companies with an annual turnover of less than USD 50 million will not be considered.
- A project management team, the key members of which will have proven experience in similar projects carried out under similar conditions in similar environment.
- A logical and well thought out approach to how the project will be managed within the time, cost and quality requirements of HTC.

This invitation for bids is open to contractors from all countries. Consortium bids, particularly those involving Hungarian and Foreign contractors, will be welcomed although the structure and modus operandi of the consortium will have to be clearly and logically presented.

A complete set of tender documents may be purchased upon confirmation of payment of a non-refundable fee of ECU 200 (or of the equal amount in any other freely convertible currency). Hungarian companies may purchase the tender documents for HUF 20.000. Remittances are to be made to account # 215-12087 of HTC kept with the Hungarian Credit Bank Ltd. (MHB) with the following remark indicated:

"Erzsébet Exchange - Telecom Building Construction # TB-101/KA"

Cash payment is accepted into the above stipulated account only in the following branch office of MHB:

Magyar Hitel Bank Rt. H-1133 Budapest, Pozsonyi u. 77-79.- Hungary

No other forms of payment is acceptable. Only those who have purchased the tender document may submit bids. Bidders may obtain the tender documents (upon presentation of the receipt for the payment of the above fee) and may get further information only after 3rd August, 1992 from:

> Hungarian Telecommunications Co. Ltd Tender Bureau Mr. Attila Kovács H-I122 Budapest, Krisztina krt. 55., Room #308 Hungary

Tel: +36-1-155-5198 Fax: +36-1-155-0446

HTC will organise a pre-bid conference for those who have purchased the tender documents. The language of the conference will be English and it will be held at 10.00 a.m. on 24th August, 1992.

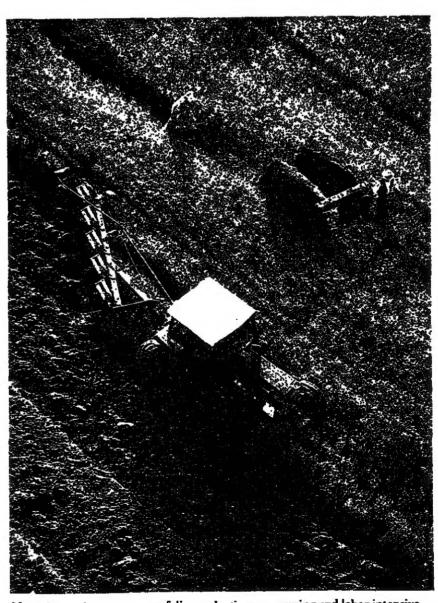
The deadline for submission of bids is 10.00 a.m. on 12th October, 1992. The place of submission of bids is

Further details are given in the tender documents.

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you should turn to a firm that offers objective analysis, in-depth market knowledge, technical expertise, capital strength. These are the qualities that have made J.P. Morgan a global leader in the full range of derivative products.



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a straightforward message to his staff: build it simple Tsuji wants to cut down by half the multiple varieties of parts such as optional steering wheels that can go into a Nissan car. He wants to use more common parts among different car models, and is even looking to bring down costs by sourcing major components jointly with rival car makers.

If the 1980s was the decade when the Japanese automobile companies dazzled the world with rapid expan-sion and a seemingly endless proliferation of new models, the 1990s is forcing the industry back to its engineering basics in an effort to improve profits.

Following last year's dismal financial performance, the industry has come under real pressure for the first time since 1936, when the rapid appreciation of the yen forced the companies into a round of severe cost cutting. Operating margins at Nissan Motor's parent com-pany in Japan last year fell to 0.8 per cent, while Mazda was at 0.9 per cent and Honda at 1.8 per cent. Toyota has yet to report for the year ending in June, but is unlikely

The cause of poor profitability is not inefficient manufacturing per se. Indeed Japan's car makers are probably the most efficient in the world. Yet the weak state of automobile markets leaves the companies with little choice but to cut costs, and some companies believe that considerable scope for improvement remains.

"Efficiency was number two or three in our priorities, after reduc-ing lead times and improving quality," says Ryuichi Tsukamoto, executive vice president at Honda Engineering, Honda's production engineering subsidiary. "Now we cannot deny the importance of efficiency, because the business is fac-

An engineering solution to the car makers' problems, however, is a tall order because the companies face conflicting pressures that suggest opposite solutions. The Japanese industry must cope, for example, with a severe labour shortage, which suggests automation may be the answer. Yet automation is expensive. And increased use of industrial robots reduces flexibility on production lines at a time when rapidly changing consumer tastes require increased flexibility.

In an attempt to resolve these conflicting pressures, the companies are focusing on two related areas of the manufacturing process:

final assembly and design.

The most recent trend in final assembly technology dates to a small-scale, experimental factory that Honda ran for two years at its As Japanese car makers strive to cut costs, priorities on the production line have changed, says **Steven Butler**

Driven back to basics



Suzuka plant in Japan in the early 1980s. At the plant Honda introduced what it called General Assembly Trucks (Gat) to replace the traditional assembly line.

In the traditional conveyor line, pioneered by Henry Ford, vehicle chassis rode on a platform of fixed height. The platforms were spaced evenly and were linked together and pulled along by a chain. The line moved at a uniform speed, ideally never stopping, while workers installed parts and components as the vehicle moved slowly by.

Yet the old-fashioned conveyor has proved too inflexible. Cars move along at the same speed, spaced evenly regardless of how difficult they are to assemble. If one car has to be stopped because of a ate and decelerate quickly to keep problem, they all stop, bringing an expensive robot used to the max-

work to a halt on the whole line. Because planned stops for the cars are impractical, automation using stationery robots is impossible.

Honda's innovation was to dispense with the link between the platforms. Instead of being pulled along by a noisy chain, Honda put the chassis on a dolly which moves under the power of its own electric motor. The motor draws power by induction from a cable beneath the floor and can also raise and lower the vehicle chassis so that workers never have to bend to install parts.

Honda's Gat also supplies a key that opens the door automation: the dollies can move at different speeds, stop precisely to allow robot installation of components, and acceler-

imum. And the entire process can be controlled by central computer, which monitors progress of each vehicle by means of an electronic sensor system on the dolly and tells the robots what is coming.

The result is a production line much more pleasant to work on and one which is much more amenable to automation. Honda concluded it was technically possible to raise the automation rate on final assembly to 30 per cent, compared with 5 per cent standard in the industry.

Honda installed the technology on one line at the Suzuka plant, on lines at East Liberty in Ohio, and will open a plant later this year in Swindon using an advanced version of the system. Honda Engineering also licensed the basic technology to Daifuku, the Japanese specialist

in factory equipment. Daifuku has sold the system to both Toyota and Nissan, which have opened separate

plants in the past year.

The lines are beautiful to watch, when compared with the traditional noisy and disorderly line. Nissan believes it will result in smoother operation on the final assembly line, since cars that are complex to assemble can be spaced further apart. And if a problem arises, only one car need be stopped, allowing i to catch up later.

Yet whether the technology offers a true solution for the industry's problems is another question. For one, the line costs between two and three times as much to install as a traditional conveyor system, yet by itself does not contribute anything to raising productivity.

The improvement in productivity only comes after additional spend-ing on robots. When Honda installed its Suzuka line in 1989, it lifted the level of automation to 18 per cent. Tsukamoto says this raised labour productivity on the line by between 15 to 17 per cent. But Honda has shelved a plan to install more robots on the line to raise the automation ratio to 30 per cent. It is too expensive.

one worker with machinery can cost between Y10m (£42,000) and Y80m, depending on the process. Honda is willing to spend the money when it relieves a particularly onerous manual task, or when the investment results in a large improvement in quality.

One area where Honda has not skimped is on machinery for auto-mated, simultaneous installation of car suspension and engines. By mounting and fastening all bolts simultaneously, Tsukamoto says, a more precise fit is obtained, allow-ing for improved handling and ride. Simultaneous bolt fastening prevents the accumulation of minor

The robots also provide rapid feedback. If a single bolt hole is misaligned the machines quit. On a traditional line, a slightly misaligned bolt hole will rarely slow down a worker, who will put the thing together anyway. The worker will still have to intervene on Honda's automated line when holes do not match, but because the robots detect quality problems instantly. the source can be traced immedi-

ately and corrected. Honda's Gat system offers the potential to save labour, improve quality and increase flexibility. Whether this potential can be exploited to the financial benefit of the car makers, however, depends very much on other links in the engineering chain.

A further article on engineering for flexibility will appear shortly.

Mainframes keep up the pace

By Louise Kehoe

proprietary mainframe computers to client-server distributed systems - has become de riqueur in the computer world. The trend, driven by the development of high-performance desktop computers and the growing popularity of "open systems" software, is used to justify dire predictions of the "death of the mainframe" and the impending downfall of Interna-tional Business Machines.

Putting the downsizing trend in erspective, a report published this week by ECsoft, a European software and services group, suggests that downsizing, although wide-spread; is not the overwhelming trend that many had believed. Some 85 per cent of IBM main-

frame computer users in the UK surveyed by ECsoft have already downsized or plan to do so.

Another 41 per UK downsizing trends cent sald, how ever, that they have no plans to Moving to MVS

The survey also confirms the shift away from proprietary systems, towards so-called open systems" which theoretically give users ble hardware from several different suppliers. Again, however,

Source_ECooft moderate than advocates of open systems have claimed. Neither does downsizing necessarily mean that maintrame com-

puters are replaced. In most cases in new distributed syst Mainframes still have several advantages compared with mini-

computers, workstations or personal computer networks. "The commercial robusiness isn't there."in open systems, Steve Coassins, UK managing directors of ECsoft, suggests. Also inhibiting the open systems trend is the abortage of data processing managers experienced in the use of open systems. Still the lower prices of open

systems are a big draw. Asked toexplain their decisions to downsize or move to open systems, most respondents cited changes within their organisation — mergers,

PEOPLE

Kenneth Baker joins Hanson board

ownsizing - the shift from . acquisitions or the arrival of a new manager - that triggered a review of existing information systems. There has also been a shift of power in information technology from the data processing centre

manager to the end user community. Departmental managers now have their own IT budget," says The new holders of the IT purse

strings have no loyalties to IBM or other established computer suppliers and are more likely to explore

alternatives, he explains.

Among survey respondents who said they have or will downsize, one third are planning to use open systems, another third have downsized to IBM's mid-range AS400 computers, while a surprising 13 per cent switched to other proprietary systems.

The researchers talked to more than 200 or approximately 20 1992

per cent, of IBM puter users in the UK. The sample was deliberately focussed upon users of IBM's older but still widely used VSE operating system. which has traditionally been geared towards smaller mainframe systems. These VSE mainframe users

face a dilemma when they come to upgrade or expand their computer systems. They must either undertake a costly conversion to a new operating system or make a break from the traditional mainframe and become part of the "downsizing"

Not surprisingly, the rate of downsizing among these users is higher than average. Indeed, the survey reveals that users of VSE are twice as likely to switch to new

types of systems as users of newer IBM mainframe operating systems. The survey results are hardly good news for IBM since they confirm that a substantial number of its traditionally loyal customers are turning to competitors' equipment. However, those who have labeled the mainframe an endangered species clearly have a long time to wait for its extinction.

FT LAW REPORTS

Deposits are protected

THE DEPOSITORS' PROTECTION FUND v DALIA AND ANOTHER Chancery Division: Sir Donald Nicholis. Vice-Chancellor: July 3 1992

AN ASSIGNMENT of whole or part of a deposit in an author-ised bank, made before presentation of a petition for its 1991, entitles the assignee to he treated as the depositor of the assigned sum for the ourpose of claiming compensation under the statutory deposit protection scheme.

The Vice-Chancellor so held when giving judgment for the defendants on a claim for a declaration by the Depositors Protection Fund, against Mrs Varsha Dalia representing the assignees of deposits in the Bank of Credit and Commerce SA (BCCI), and Barclays Bank plc representing the authorised institutions who contributed to the fund.

THE VICE-CHANCELLOR said that to alleviate hardship when a bank became insolvent the Banking Act 1979 set up the

deposit protection fund. Money from the fund was payable to depositors on the insolvency of a recognised bank or institution. A depositor was paid three-quarters of his deposit, limited to £10,000.

The fund was continued under the Banking Act 1987. The maximum amount of a protected deposit was increased to £20,000.

BCCI was an authorised institution. On July 5 1991 the Bank of England presented a petition that it be wound up on the ground inter alia that it was insolvent. Provisional liquidators were appointed and BCCI ceased trading in the UK.

A firm of accountants wrote to BCCI depositors telling them of a scheme by which a depositor should assign part of his deposit to family members or close friends who could be trusted. Each assignee could look to the fund for maximum

compensation payable. Depositors were urged to hurry "for you only have until July 29". That was because the winding-up petition was due to come before the court again on

Some 50 depositors or more son beneficially entitled to the signed transfers in July in respect of sums totalling several million pounds. There were over 200 assignees.

The scheme was quickly stopped in its tracks. On July 30 the Banking Act 1987 (Meaning of Deposit)

Order 1991 was made. It provided that in future the definition of "deposit" in the Act excluded a sum to which a person became entitled otherwise than by operation of law, after presentation of a winding-up petition.

The question was whether the assignments had their intended effect for compensation purposes.

The deposit protection scheme was regulated by Part 2 of the 1987 Act. Section 58 of the Act pro-

vided for payment of compen-sation. Subsection (1) provided that if an authorised institution became insolvent, or was subject to an administration order, the fund should pay "each depositor who had a pro-tected deposit . . . three-quarters of his protected deposit".

The Act contained no definition of "depositor". It naturally read as meaning the person who made the deposit. To qualify for compensation the deposit made by him must be a "protected deposit".

Section 59 defined when a company became insolvent for the purposes of section 58. Under 59(1)(a) the relevant event in a winding-up case was the making of the winding-up order, not presentation of the

Section 60 defined "protected deposit" as referring to the institution's total liability to the depositor "immediately before" it became insolvent or the administration order was

made, limited to £20,000. The assumption made by the section 60 wording was that the depositor who made the deposit would be the same person as the depositor to whom a compensation payment was to

Section 61 addressed the problem of trusts by modifying sections 58 and 60 in certain

Two important points were discernible in its provisions. First, one thread running through them was that where A was the person who made the deposit but B was the perdeposit, B was the material person for the purposes of the protection scheme

Second, section 61 was concerned with the beneficial interests existing when a pay-ment fell to be made. There was nothing in the section to suggest that the trust provisions applied only if the trust existed at the time the deposit was made.

Where A assigned the whole of his interest to B in a deposit. in writing and with written notice to the bank under section 136 of the Law of Property Act 1925, he made a statutory assignment and the person to whom compensation was payable under section 58 was B. The expression "depositor" was apt to embrace him as A's assignee, and the "protected deposit" was the bank's liability to him in respect of the UK deposit to which he was enti-

To confine "depositor" in all circumstances to the person who made the deposit would be inconsistent with the object of section 61.

The natural meaning must give way to the extent neces-sary to enable the Act's underlying purpose to be achieved. was inconceivable that Parliament intended that an assignee of the whole deposit under a statutory assignment should be in a worse position than the beneficiary under a declaration of trust, in each case the entire beneficial interest in the deposit belonged to B to the exclusion of A who made the deposit.

The essential purpose was to pay compensation to those entitled to deposits in an insolvent bank.

If the original depositor had assigned his interest, achievement of the legislative purpose required the assignee to be the person entitled to compensa-That was necessarily implicit

in the legislative scheme, and section 58 must be so read and understood Where part only of a deposit had been assigned it could not

be a statutory assignment, but was equitable only. For compensation purposes the position was the same as with regard to a statutory assignee. There was no reason in principle why, for the purposes of the deposit protection

scheme, an assignee of part of a deposit should be treated any differently from an assignee of

In the present case the assignors had declared themselves trustees of the assigne parts of the deposits if BCCI was unable to designate sepa rate deposit accounts in assign There was no reason why

equitable assignments with that fall-back declaration of trust should be treated differ ently for compensation pur-poses than if, in place of assignments, there had been simple declarations of trusts. The 1991 Order provided that

"deposit" excluded any sum to which a person became entitled "after a petition is presented for the winding-up of the institution, or in the case of an institution in respect of which such a petition has been presented before ... this Order comes into force, July 30 1991" The Order excluded an entitlement arising otherwise than

by operation of law, after presentation of a winding-up peti-It deliberately left untouched

a deposit to which a person became entitled pre-presentation of a winding-up petition. The inevitable conclusion was that pre-petition assignments were not intended to be outlawed. The Order was content that pre-petition assignees should still qualify for compen-

The Order applied to interests arising under assignments and under trusts. Both were stuck down if entitlement arose after presentation of a winding-up petition. In both cases they were left

untouched for compensation purposes if entitlement arose pre-petition. For the purposes of Part 2 of the 1987 Act an assignee of part of a deposit was to be treated as entitled to the assigned part and as having

For the fund: John Jarvis QC and Jonathan Nash (Clifford Chance).

made a deposit equal to that

For Mrs Dalia: Philip Sales (Ashurst Morris Crisp). For Barclays Bank: Michael Brindle QC and Bankim Thanki (Lovell White Durrant). Rachel Davies

executive of RJ Revnolds' German operations, has been appointed chief executive of Caradon Heating. ■ Jenifer Rosenberg, director and founder of J&J which was last month acquired by CLAREMONT GARMENTS

Kenneth Baker, the former Conservative Home Secretary,

has been slower than some of

his ex-Cabinet colleagues to

pick up new interests now that he is free from ministerial

non-executive directors and

Baker's appointment fills an

obvious gap on a board which

is dominated by executive

■ John Brewer, head of human

resources, has been appointed

a director of CIBA-GRIGY's

UK company.

■ Paul Nicholson is splitting

the roles of chairman and md

at VAUX GROUP; he remains

executive chairman and has

deputy chairman, and Frank

chief operating officer of Cope Allmann, has been appointed

chief executive of CARADON's

bathroom and plastics division.

Juergen Freund, formerly chief

appointed Peter Catesby.

Nicholson as joint mds.

■ Peter Chambré, formerly

directors and businessmen.

(HOLDINGS), itself demerged from Alexon last year, has been appointed to Claremont's

Industry. He then moved to the Department of Environment as

Baker, who entered Parlia-

ment in 1968 and remains MP

for the Mole Valley, has held a

wide variety of ministerial

posts; the Guardian once dubbed him the government's

office. However, he has made "smoothest operator". Between up for the delay with his first 1981 and 1984 he was minister appointment, a non-executive of state at the Department of directorship of Hanson, Britain's ninth biggest comminister for local government, pany. Lord Hanson, who has better and in May 1986 was appointed political contacts with the Consecretary of state for education servative party than have and science. In July 1989 he many big businessmen, yesterwas made chairman of the day said he was delighted that Conservative party but retained his Cabinet seat. He Baker, 57, had agreed to join decided to leave the governhis board. Over the past year Hanson has been under presment after the 1992 election. sure to strengthen its team of

He said yesterday that Hanson is "one of the most suc-cessful and well-managed companies in the world" and he was "very pleased" to have been asked to join its board.

Bodies politic



Brian Harris (above left). chairman of Richard Ellis, has been elected president of the LONDON CHAMBER OF COMMERCE AND INDUSTRY. Graham Robson (above right), chief executive of Spillers Foods, has been appointed president of the INCORPORATED SOCIETY OF BRITISH ADVERTISERS Ian Harris, chairman and chief executive of the Bonas Machine Company, has been appointed chairman of the BRITISH TEXTILE MACHINERY ASSOCIATION. R Phillipa Burrow has been appointed chairman of the

BRITISH ASSOCIATION OF INDUSTRIAL EDITORS. ■ Sir Bugh Bidwell, a former Lord Mayor of London, has been appointed chairman of the London Tourist Board. Alian McDougail, md of MF Kent Services, has been elected president of the HEATING AND VENTILATING CONTRACTORS

ASSOCIATION. Michael Brent, chairman and md of Trimite, has been elected president of the PAINTMAKERS. ASSOCIATION OF GREAT

Insurance. moves

John Allison, until recently a marketing consultant, is Joining The LIFE ASSOCIATION OF SCOTLAND, a subsidiary of Internationale Nederlanden

up the newly created post of sales promotion director at SUN LIFE OF CANADA; he returns to the company after spending the past five years as a consultant working mostly with Swiss Reinsurance (UK). Brust Schneebeli is appointed chairman and Jeremy Hills company LIFE; Adolf Scheiwiller becomes a director of Swiss

(marketing).

Group, as general manager

John Fairbanks is taking

E Donald Payne has been appointed a director of WILLIS CORROON GROUP: ■ Douglas Burgess, Nick Edwards and William Murphy have been appointed directors of the ENGLISH & AMERICAN UNDERWRITING AGENCY. ■Roy Eims has been appointed deputy chairman of ROYAL UK.

Pioneer Life and of Swiss Life.



Viscountess Cobham, who has first-hand experience of restoring the family seat, has been hired as special adviser on heritage and tourism for David Mellor's new Department of National

Lady Cobham was a member of the English Tourist Board and a commissioner of English Heritage and of the Countryside Commission. She is on the Historic Royal Palaces Advisory Group, the British Tourist Authority's British Heritage Committee and the Historic Houses Association's Executive

Lady Cobham has lived at Hagley Hall (left), the family's Grade I English Palladian house in the west midlands, since 1974 when she married the 11th viscount. During this time she has supervised the structural and decorative renovation of the property and organised the opening of the house to the public. Her work at Hagley was recognised by an award from the British Tourist Authority.



Australian Ballet

Clement Crisp

HE Australian Ballet's of the outback — from Kristlan third programme is a Frederikson.
triple bill which pays . The staging of investment for the future. Two of the pieces - Ninette de Valois' Checkmate and Antony Tudor's Gala Performance tell of formative influences behind the company itself.

The national ballet which

Dame Ninette established in-Britain is the example that guided the making of Austra-. lla's troupe (which this season, more than ever before, speaks with an independent and assured voice).

Peggy van Fraagh, the founder of the Australian Ballet, was one of the group of "Tudor dancers" which sus-tained that subtle creator in she who first played the role of the French ballering in his acid commentary upon stellar tem-

The third piece, Of Blessed Memory, is the work of a new talent arisen within the troupe Stanton Welch, in his early stars of the company, Marilyn Jones and Garth Welch. Of Blessed Memory reveals

an eager gift for movement. It concerns the child's debt to its mother, couched in plotless but emotionally specific terms.

At the ballet's centre Mr Welch has cast his mother, radiant as we recall her from her days as the company's

leading ballerina, and now dis-creetly and lovingly shown as life-giver and watchful presence. Around her the choreography surges along the melodic paths of Canteloube's Chants d'Auvergne (excellently sung by Joanna Cole). It is music that can be clov-

ingly sweet, and sweetly coy, and Mr Welch, for all his bright skill, cannot surmount every pitfall of his score. Because he is musically alert. he tends at moments to "mickey-mouse" in matching step for note, and the most wincingly roguish song leads him into the shallows of cuteness - the number could with advantage

But he writes fluently, steps and ideas pouring from him (many of them good), so that we know the sincerity of his inspiration and of his creative

He is rewarded with excellent performances from a large cast - notably from Miranda Coney, Steven Heathcote, Jus-Campbell Mackenzie. There is handsome design - evocative

The staging of Checkmate is

scrupulous. The McKnight Kauffer designs have lost nothing of their theatrical power (or their Art Deco distinction). The choreography has been carefully set, and with what emotional clarity does the drama unfold after all the years, all the performances, the inevitability of the black pieces' triumph still grips.

The Australian cast was admirable in intention, and technically fine Greg Hors-man the Red Knight; Lisa Payane the Black Queen — but oddly light in physical tone. De Valois choreography needs weight - there is an earthy. folk-dance directness to some of the steps - and slightly less brisk tempi, that will allow movement and gesture to be more fully realised.

About Gala Performance there are two schools of thought: Antony Tudor's, who conceived the piece as a satire, but not as a roup, and that of most interpreters, who see the piece as on occasion for unbri-died comping with the satiric bite of Carry On Dancing.

Three ballerinas (from

Moscow, Milan and Paris) battle for precedence and applause at a gala. The more implacable their manoeuvres, the better the interpretation, and the truer to life the annals of ballet gossip are rich in incidents no wilder or egomaniacal than those in this display of sacred

The Australian production (with a set unnecessarily gar-ish) has caught something of the right style. Lisa Pavane stalked the stage in icy maj-esty as the Milanese divinity, and Justine Miles was ob-so-deliciously Parisian, but Sian Stokes' Muscovite was a knock-about grotesque - and comedy is too serious a business to be made fun of.

Gala Performance inevitably suffers in a large theatre - it was made for an intimate stage with intimate by-play. A sea-change into opera-house farce denies its humour, though it would be fun to see it. danced by some of today's more awful stars, whose mannerisms are no less ludicrous than those Tudor first sent up

The Australian Ballet continsors include Australian teenth return of the caped cruto pick it up off the floor. And what I judge to be an emerNational Line and Quartee. sader, of Mel Gibson and the British cinema should gency face-lift. His upper Savannah.

Cinema/ Nigel Andrews

Silly season full of sound and fury

HE cinema-going scene in Britain now resembles one of those hi-tech .television weather maps. Swirling across the Atlantic is an airborne army of thunderclouds, lightning forks and jiggling white arrows, signalling that the full force of Hollywood's sequal eason will soon reach the UK. Meanwhile, like a smaller army of Ian McCaskills, British film critics pipe out warnings as the weather and TV graph-

Britain is a sitting target for this treatment. Each summer its cinema exhibition business curls up into a catatonic ball, convinced that most filmgoers not on holiday abroad will be attached to their Wimbledon/ test cricket audiovisual drip feeds. What price a fair-to-good film at their local cinema?

Ergo: summer audiences must be given either rescued-from-the-shelf rubbish which would not make money even in a good film-going season, or overblown American sequels that cannot be resisted, at least by addicts, even in a had film-

going season.

The logic is impeccable; the situation is nightmarish. And net just for a British film industry rejoicing in two meagre openings this month: one a cartoon about a frog working for British Intelligence (sic), the other a two-year-old arthouse misfire (see below). No, we are in nightmare territory because the conclusion has been reached by the film world's marketing brains that in adverse circumstances you cannot woo the public, you can

only mug it.

Movies large of spectacle and empty of content are the most potent weapon. They are light enough to lift up in the air, yet hard enough to concuss the audience when brought down on its head.
Sequelitis is an essential

component of this campaign. in high summer, few filmgoers have the energy to meet new characters or adjust to new The Australian Ballet contin-plot ideas. They yearn only for the rimalistic and ongoing, cin-(071) 836 3161 with varied pro- ema's equivalent of Wimbledon ing until July 18. Spon- or test cricket. Hence the umpMY COUSIN VINNY (15) Jonathan Lynn

> DAKOTA ROAD Nick Ward

BELLE DE JOUR (18) Late Barnel

Danny Glover in lethal harness, of Sigourney Weaver in space battling Old Saliva Jaws. It would be an act of Canutelike futility to sit on the shores of Britain ordering Holly-wood's sequel-harricanes to go home. Better to welcome them in and allow them to flood cinemas up to the expected boxoffice high water mark; then we may drain off what conclusions we can at summer's end. The most likely conclusions

I have already prepared two

in anticipation - are as fol

The first is in three parts and has been formulated for those who believe in government intervention in cinema. A swingeing tax should be placed on all imported feature films, especially from America, so that the extra revenue can be ploughed into British film production. All summer holidays abroad should be cancelled or "earned" in advance by a visit to 10 British cinemas in the week before departure. And major TV sport-watching should be hived off, as it soon will be anyway, to the satellite channels, where it will be watched only by the small if growing minority of persons willing to attach large saucers to their houses. This will free

to the movies. On the other hand, there are those like me who do not believe in government intervention. Our conclusion, also in three parts, is as follows. The British cinema should start to make good films again. The British cinema should stop sitting around waiting for the ent and other bodies

the remaining population to go



Marisa Tomei and

Joe Pesci create courtroom mayhem while Fred Gwynne (centre) looks on in My Cousin Vinny

remember that it once could yes, it really could - make originals and sequel sagas all its own that struck gold at the

box office. Remember the Bonds? The Carry Ons? The Hammer horrors? If we are going to be mugged by the movie business every summer - that now seems unavoidable - let us at least return to being mugged by our own movies. Who knows: in such profitable assaults on audiences whose resistance is lowered by the heat and holiday season might lie, at last, our industry's commercial salvation.

n My Cousin Vinny, half an idea for a film is searching earnestly for the other half. The half already in place concerns a fledgling Italian-American lawyer (Joe Pesci) who is summoned from Brooklyn to the Deep South to rescue a young cousin (Ralph Macchio) from an erroneous murder charge.

cheeks are pulled back so far that he resembles something out of The Mikado. When he opens his mouth, we are astonished that he does not say things like "Ah so, murder charge, velly mistaken." Instead Pesci talks like someone out of Goodfellas, which of course he is, and brings a touch of Cosa Nostra to the land of cotton.

There are long pas the film when even this limited joke runs out. During these, we must make do with minor pleasures like the scenery, the Southern accents and Fred Gwynne's mournfully cantankerous old judge, who seems to have stepped out of a Charles Addams cartoon and then found himself wishing he could step back in.

But the bits and pieces never quite add up. Somewhere during this film's making I suspect that half the script was mysteriously lost down a street grat-ing, leaving British director Jonathan Lynn, late of Nuns funnier than My Cousin Vinny. though it is not meant to be Since it is a low-budget British film co-funded by Channel Four, it has been treated with inordinate respect by magazines like Time Out ("painterly eye... sympathetic performances... subtle body language") and was even sat through with undue politeness by my colleagues at the Press

This is as bad a film as I have ever seen. If Ingmar Bergman had been hired to script The Archers using only a Swedish-English phrasebook, he might have produced this crackpot pastoral about life, death, sex, God and pollution somewhere in the fenlands. Alan Howard creases a pained face as the local squire. While a supporting cast of unknowns wrestle with the portentous

As if the dead fishes surveyed by the disillusioned local Pesci sports a black wig and On The Run, to vamp like hell Christian symbol? get it?), we somewhere south-west of have the sexually distraught young signalman manfully learn, gasp and wonder.

Nick Ward's Dakota Road is erecting his signal, the shameridden farmer's wife polishing her tile floors like a Lady Macbeth of the fens, and the incestuous, daughter-fancying, suicidally inclined farmer him self, who is forever polishing his shoes. No doubt he is hoping to go on a long, long

> In the work of Luis Bunuel, symbolism is seldom allowed to lie around crudely exposed. is either whisked on and off like a conjuror's rabbit or is elevated into fetishism. See Belle De Jour, made in 1967 and revived this week. Surgeon's wife Catherine Deneuve embarks on her own brand of adult education course when she signs on for day work at a chic brothel

Soon it is open season for sexual fantasy - her own and her clients - and Bunuel adds to the subversiveness by filming the surreal as if it is real Seeing human nature turned inside out as coolly as this is priest were not enough (fishes? as shocking as discovering shooting up with heroin. See,



John Shrapnel plays the part of exorcising rabbi 'Reb' Azriel with huge gusto make her fourth adaptation of the text:

Anski's play was a staple of Yiddish theatre everywhere. Anaki (1863-1920) was Byelorussian, a political radical and a devoted ethnographer of Ukrainian

The Dybbuk is an extraordinary play, and Katie Mitchell's production for the Royal Shakespeare Company gives it the works - in the best, most serious sense, and also in a long-sighted new

way. The bare bones of the Chassidic tale Anski used as his basis might seem only a superstitious folk-legend, with a sentimental-mystical twist. There is far more in his overflowing

play, and it founds the sense of the story far deeper - but the details are densely, opaquely ethnic: a modern director, even in Yiddish theatre, might scarcely know what to do with it.
Miss Mitchell has known exactly what to do with it. She has induced a fine translator (Mira Rafalowicz) to

The Dybbuk

David Murray

she has taken a scholarly team to do fieldwork among Jews in the Ukraine. She recreates a whole, devout com-munity in The Pit, with the right songs and dances and a cast fervently drilled in their bursts of Yiddish and Hebrew (justified by their rhetorical force, incantatory or commanding or folk-

Above all, she plants the central lov-ers' mystical rebellion against Torah law firmly within that tradition and that community, and allows neither

side to "win".

A Dybbuk is the soul of one whose life has been cut off prematurely and incomplete, and seeks a temporising refuge in the body of another. Here, a poor Yeshiva scholar (Charles

Daish) who loves Leye, a rich man's

daughter, is rejected by her father in favour of a wealthier husband; unhinged, he falls to cabbalistic fancies and starves himself to death.

t the moment of Leye's eventual wedding, she becomes possessed by him as a Dybbuk. The rest of the play is concerned with her ritual exorcism by the great "Reb" (Rabbi) Azriel - incarnated with huge gusto by John Shrapnel - and its outcome.

Superstition has nothing to do with it. The burning theme of the play is how the dead interpenetrate the world of the living (as of course they do among us all, most comprehensively), at every level from spiritual to quotidian and pragmatic.

Among the people whom Anski depicts with such faithful insight, that is poignantly understood; the message emerges from their culture with special ciarity. It emerges in this production with humans power. Timely, too - but you can draw your own morals.
As shy, obedient Leye, Joanne Pearce

faultless; and later, we cannot doubt while the play proceeds that she is possessed by the Dybbuk. It is a wrenching performance, and superb, though one cannot help but fear for her health over the five-month run.

Among all the excellent players, Peter Needham lends the father dignity and subtlety, and Rob Edwards creates a lofty, uncanny presence for the Messen-ger, a vital go-between for matters of

the highest import. Altogether the play transmits a kind of wisdom; nothing in it that seems quaint or picturesque is mere surface. but subserves its real, sober vision,

The Pit, Barbican Centre (071) 638 8891. In repertory until 28 November



BERLIN

CONCERTS Jose Carreras gives an open-air concert tonight at the Gendarmenmarkt, with the Seville Philharmonic Orchestra conducted by Viekoslav Sutej.

Sat: Berlin Radio Orchestra plays Viennese operetta favourites (West Berlin 238 5550). Sat at Malfeld: Edward Heath conducts the Lithuanian National

Symphony Orchestra, with Justus Frantz piano soloist. Mon, Tues, Wed at Waldbühne: Dire Straits, plus Was Not Was (West Berlin 301 9999). THEATRE

 The Blue Angel runs daily except Mon till Sep 6 at Theater des Westens, with Ute Lemper and Eva Mattes alternating as Lola, the night club singer who captivates Professor Raat (West Berlin 3190 3193)

 An open-air production of Shakespeare's A Midsummer Night's Dream opens tomorrow at Freilichtbühne an der Zitadelle (West Berlin 531 6920)

● Theaterkasse Im Europa-Center has an Information and ticket service for Berlin entertainments (Tauentzienstrasse 9, West Berlin

BUDAPEST

State Opera The repertory

includes Don Giovanni (tonight and Sat, also next Wed and Sun). Madama Butterfly (tomorrow, also next Tues and Sat) and a double bill of Bartok stage works (Sun and Mon). Performances begin at 20.00.

Margaret Island There are open-air performances of !! trovatore at 20:30 on Sun, Tues and next Fri.

Post Concert Hall Operation concerts every Tues, Thurs and Sat throughout the summer, plusopera concerts with the Lehar Orchestra every Wed and Fri. Performances begin at 20.30 (Vigado ter 2)

Merita Theatre Stalin and Other Voices: two one-act comic operas sung in English. Tonight, tomorrow, Sat and Sun at 20.00 (Gerioczy u 4)

Round Theatre The Servant Girl; Italian renalssance comedy by Glambattista della Porta. Tonight and Mon at 19.30 (Varosligeti

Hilton Hotel Tonight's performance is a folklore show by the Budapest Dance Ensemble. Sat Tomkins Vocal

Ensemble, Sun: American planist Leonid Kuzmin. Tues: Orient Dixieland Band. Wed: Albinoni and Mozart concert (Hess Andras ter 1-3, in Dominican Court) Pre-booking for concerts at the National Philharmonic Booking Office (Vorcementy ter 1) and for opera at the Central Theatre Booking Office (Andrassy

ut 18), also at theatre box offices.

■ FRANKFURT JAZZ IM PALMENGARTEN Open-air jazz concerts are given every second Thursday throughout the summer in the Palmengarten. Tonight at 19.30: New York planist Geri Alten and her quartet. The next concert is on July 30.

■ LONDON

THEATRE Shades: Simon Callow directs Sharman MacDonald's humorous new play about claustrophobic family tensions. Pauline Collins stars as the widow trying to balance conflicting demands from her son, mother and boyfriend. Now previewing after a short regional tour. Press night next Thurs (Albery 071-867 1111).

 Columbus and the Discovery of Japan: John Caird directs Richard Nelson's new epic play for the Royal Shakespeare Company, with Jonathan Hyde as pioneer and madman. Opens next Wed (Berbican 071-638

 A Slip of the Tongue: John Malkovich in Dusty Hughes' play about a Czechosłovak academic's personal and political relationships with women at the time of the 1989 revolution (Shaftesbury 071-379 5399).

From a Jack to a King: a new rock 'n roll version of Macbeth from the team that produced Return to the Forbidden Planet. Starts previewing tonight, Press night on Mon (Ambassadors 071-836 6111).

 For ticket information about all West End shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

DANCE

Covent Garden 19.30 Royal Ballet mixed bill: Les Sylphides, Ashton's A Month in the Country and MacMillan's Elite Syncopations. Tomorrow: Rossini's Il viaggio a Relms, final

performance of the Royal Opera's season. Sat: La Fille mai gardée. The Royal Ballet season continues till Aug 8 (071-240 1066) Collseum 19,30 Australian Bailet mixed bill, including choreographies by Stanton Weich and Ninette de Valois. Tomorrow and Sat Coppelia. July 21-Aug 1: Alvin Alley American Dance Theater (071-240 5258)

Royal Festivel Hall 20.00 New Orleans jazz night with Dr John, Zachary Richard, Johnny Adams and others. Tomorrow: Take 6. Sat Gerry Mulligan Tentet, Sun: Cole Porter evening, Mon; Keith Jarrett. Tues: Brazilian pop superatar Marisa Monte. Next

Fri: English National Ballet season opens with Cinderella (071-928 8800). Queen Elizabeth Hall 19.45 London Chamber Orchestra plays Vivaldi's Four Seasons and works by Tippett and Eiger (071-928

8800). Barbican 18.30 Closing concert of the Carl Flesch International Violin Competition, in which three finalists are accompanied by the Philharmonia Orchestra conducted by Andrew Litton. Tomorrow: orchestral music from the silver screen. Sat: Judith Howarth is soprano soloist in a bel canto opera night. Next week: King's Singers (071-638

MADRID

8891).

Les Grands Ballets Canadiens are appearing at the Teatro Lirico La Zarzuela during the next four nights, with a programme including Falla's Three Cornered Hat (429 8285). Tonight and tomorrow at Centro Cultural Conde Duque: English National Ballet (559 3790)

MUNICH

BIRMINGHAM AT THE GASTEIG The arts in Birmingham are represented in a three week festival opening tonight with an Asiatic dance and music performance, an Afro-Caribbean dance programme and Simon Archer's photographic exhibition entitled inspired insanity. July 25 and 26: Black Voices in a programme of modern and traditional a capella music,

reggae, gospel, blues and spirituals. July 30: Simon Rattle conducts the CBSO. Aug 1-9: a week of Birmingham films (401832).

ENEW YORK

New York State Theater 20.00 Opening of 1992 City Opera season with Cav and Pag, staged by Jonathan Eaton and conducted by Steven Sloane. Tomorrow: La traviata. Sat afternoon: La boheme, Sat evening: Nash, Schmidt and Jones' musical 110 in The Shade (870 5570).

Metropolitan Opera 20.00 Kirov Opera production of The Queen of Spades. The Kirov season ends with performances of Prokofiev's Fiery Angel tomorrow and Sat (362 6000).

Avery Fisher Half 20.00 Sono recital by Olga Serra. accompanied by Alicia de Larrocha. Tomorrow and Sat: Jesus Lopez Cobos conducts the Mostly Mozart Festival Orchestra in a programme including Mozart's Plano Concerto No 18, with Garrick Ohisson, Mon: Andre Previn and the Emerson String Quartet. Soloists in next week's orchestral concerts are Andre Watts, Rudolf Firkushy and Lynn Harrell (875

Carnegie Hall 20.00 Kurt Masur conducts the New York Philharmonic Orchestra in Tchaikovsky's First Piano Concerto (Shura Cherkassky) and Sixth Symphony (247 7800).

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Thursday July 16 1992

They must be stopped

victims unpardonable slowness, the international community is of the conflict in Bosnia-Hercegovina. A state, recognised by most other states and admitted to numerous international bodies, is heing dismembered. Frontiers are being redrawn by war. Large numbers of people are being forcibly driven from their homes, with widespread killing. Such actions would be "intolera-

ble" at any time or place, but in many times and places they have been tolerated. A particularly clear precedent was set in Cyprus in 1974. There too a neighbouring state (Turkey) intervened to protect a minority, and used military force to secure an area for that minority's exclusive use, expelling from it all members of the major lty community. There too the international community including Britain, which had guaranteed Cyprus's territorial integrity - failed to take any effective action to halt or reverse the process. There too not everyone agreed who was aggressor and

all, no one wanted to get hurt. Turkey at least waited 14 years after Cyprus's independence, until a moment when the Cyprus government had been overthrown by a coup stage-managed from Greece, before resorting to such extreme measures. The Serbs did not wait to find out what an independent Bosnia-Hercegovina would be like. They resorted to force straight away. Also, not having such an overwhelming military superiority as Turkey had, they are taking longer to achieve their aims. That has given the rest of the world more time to react. Sanctions have been imposed, if so far very ineffectively enforced.

who was victim; no one was sure how to solve the problem; above

General disorder

Turkey was a large, strategically important country in the midst of the cold war. No one wanted to alienate it. Serbia is a small country and there is no longer a cold war. Instead there is a new security order in Europe which shows every sign of degenerating into general disorder, precisely because of conflicts over doing, there are plenty of other more difficult ones lying in wait.

the Russians, who may be tempted to use the same methods to assert their claim to territory held by other states, and to "cleanse" that

territory of other ethnic groups. The instinctive aims of the international community are: to bring relief, as far as possible, to the civilian victims; to prevent the conflict from spreading; and to stop the fighting as soon as possible. Those aims are right. Something has to be done, as a matter of urgency, about the refugee problem; and western powers. notably the EC, must focus on the need to prevent the fighting spreading to Kosovo. Macedonia or Voivodina and to ensure that even if it does, neighbouring countries - Albania, Greece, Bulgaria, Hungary - stay out.

Ethnic cleansing

But "stopping the fighting" is not enough if it turns out to mean. as in Cyprus, consolidating a ceasefire only after the aggressor has secured his objectives, and then being content to urge the vir-tue of negotiations and concessions equally on both sides. Some thing more is needed to drum home the message that violence and ethnic cleansing are not an acceptable way to protect minority rights. And it is getting ever harder to avoid the conclusion that this something has to be an injection of force in some form on the side of the victims.

Outside powers are rightly reluctant to deploy ground troops. which could easily get bogged down. But naval force is already being deployed in the Adriatic to "monitor" but not to enforce the sanctions. At the very least this force should be empowered to stop and search, and Romania (through whose territory most supplies are reaching Serbia) must be put under greater pressure to co-operate. It is time to consider the use of air power as well, if only to neutralise the unjust monopoly of air power currently enjoyed by the Serbs. It would be feasible for Nato, if so mandated by the UN Security Council, to forbid the use of Bosnian airspace to the former Yugoslav armed

These are not easy decisions to Serbs get away with what they are soon there may be many even

Bundesbank looks east

THE LOBBYING is done. With fying cost-price spiral" will have beaded brows and sweaty palms, sent a chill up every council membeaded brows and sweaty palms, the finance ministers of the industrialised world must now await the outcome of today's Bundesbank council meeting. But their increasingly desperate attempts to place the west's economic burdens on the shoulders of 18 German council members are misplaced. The Bundesbank's task remains to secure German price stability. That they stuck to this objective to the last is, rightly, the epitaph that the council members wish to

Unification has delivered an economic shock to the German economy far greater than almost any-one predicted. In the eastern Länder, the recession has been spectacularly deep; in the west the inflationary impact has been doggedly persistent. The demand for financial resources – from the German taxpayer, the budget deficit and the banking sector - has overshot all initial projections.

The Bundesbank has, as a result, found itself in a quandary. Concerned at rising wage claims and the build-up of hoarded liquidity, it fixed a restrictive target for monetary growth in 1992. Yet, in spite of record high interest rates, the subsequent acceleration of broad money growth has made a mockery of these austere expecta-

The Bundesbank council could choose to ignore the message of its favoured monetary aggregate. As with any economic target, it is easy to find reasons why it might be distorted, particularly given the straits in which Germany finds itself. Reunification may have made the demand for money less predictable, while the demand for the D-Mark as a reserve currency in eastern Europe may have grown: the OECD's latest German survey provides a convenient list.

Dented credibility

Yet the Bundesbank will surely hesitate before abandoning its monetary target so lightly. To ignore the target when the going gets tough, however apparently justified by special circumstances, would dent the credibility of any future commitments the council might make. The Bundesbank's credibility has already been damaged enough: the section of the OECD report entitled "An intensiber's spine.

It is not just credibility that is at stake. The counterparts to the rapid broad money growth reveal that the main cause of growing money supply is rapid credit creation by the German private sector. This credit growth has been hastened by the plethora of capital subsidies available for investment in the east, which reduce the cost of capital below market levels.

Higher inflation

Even an avowed anti-monetarist would concede that such a rapid rate of credit growth, outstripping the growth of either output or assets, risks feeding into higher inflation eventually. The British experience of the mid to late 1980s, when the rapid rate of credit expansion was conveniently but mistakenly ignored, sets a chilling The logical consequence of the

Bundesbank's previous commitments, and current predicament, suggest that today's Council meeting should decide to tighten monetary policy. The UK's experience also suggests that raising interest rates is a blunt way of controlling runaway credit growth. Reising reserve requirements on bank lending or direct cellings on the availability of credit may be a better option, particularly if the Bundesbank wishes to minimise the effect on international interest

If the Bundesbank council does decide it has no option but to raise interest rates, Germany's partners can hardly complain. It was their voluntary choice, after all, to link their currencies to the D-Mark in the pursuit of credibility.

So recent lobbying by the French and British finance ministers should be ignored. It suggests these countries still do not under stand the art of non-inflationary central banking. They complain about what is needed to give them the stability they say they want. For the success of the ERM has been built on the willingness of the Bundesbank to keep its anti-inflationary head, while all around were losing theirs. To ask the Bundesbank to tolerate high German inflation in the interests of European co-operation makes

rol Giuliano Amato, Italy's new Socialist prime minister, has dumbfounded even his closest colleagues.

No postwar Italian prime minister has headed such a fragile government coalition with a mere 16-seat parliamentary majority. Yet after less than two weeks in office he has emerged as a man determined to make up for the long years in which successive governments ducked reform of an increasingly ossified political and economic system.

"We are going to change the rules," insists the 54-year-old law professor and former deputy head of the Socialist party.

Nicknamed "Dr Sottile" (Doctor Subtle) for his slight frame and formidable intellect, he signalled his intentions in last Friday's emer-gency budget, which went well beyond a simple financial operation. He set in motion a series of reforms to pensions, healthcare, local government spending and civil service employment, as well as a privatisation programme heralding the biggest shake-up in state ownership since Mussolini pioneered statesponsored development in the 1930s.

Surrounded by documents in the prime minister's 17th-century Rome palace, he is aware that one of his hardest tasks is to win credibility. Italians and foreigners alike have come to regard any promise of reform from an Italian politician with the cynicism reserved for an oft-heard cry of wolf.

The prime minister was already a treasury minister in the 1980s and heads a government composed of Christian Democrats, Socialists, Social Democrats and Liberals the very same parties who ignored the budget deficit, pension reform and electoral reform over the past three years precisely when Italy was being obliged to bring itself into line with European Community

So what is different now? Prof Amato recounts a conversation he had with Chancellor Helmut Kohl of Germany at last week's Munich summit. He asked Mr Kohl If he was surprised that the same fourparty coalition was in power after being battered in the April elections. Mr Kohl said that he was not, because they were the only viable majority, providing the faces were

"The people are different, so are the circumstances," Prof Amato says. His 24-person cabinet contains, unusually, six technicians, three of whom are directly con-cerned with economic and industrial reform. As for the circumstances, Italians have been warned that with an uncontrolled publicsector deficit of more than 10.5 per cent of GDP, Italy is on "the edge of

Rather than seeing himself as tainted by involvement with previous governments - he was the key organiser for Mr Bettino Craxi, the Socialist leader, when premier from 1983-87 - Prof Amato sees this as an advantage. "People who know the system are familiar with Its rules and have in mind how the system can be changed," he maintains, adding, however, that "change is never easy. Those who want change are not experts in the areas they want to change - so generally when they come on the scene it's a disaster. The experts usually don't want to change anybecause the reason they are experts is because they defend the

He regards his government as guiding a "transition" from a corporatist state and patronage politics to Italy becoming a modern member of

Doctor Subtle's twin pillars

Prof Giuliano Amato, Italy's new prime minister, explains his plans for economic and political reform to Robert Graham

the EC. His strategy is two-pronged.
The first prong might be called
the Me-or-Eise scenario. He is
introducing his budget and reforms
by decree, which must be approved by parliament within 90 days. The decrees contain the broad principles of legislation, but once approved by parliament the government then has the authority to fill in the details. This avoids the interminable process of sabotage and change suffered by previous initiatives (pension reform has been under discussion for more than 10 years).

f the decrees are not approved, then Prof Amato will seek a parliamentary vote of confidence. He believes he can obtain approval by presenting the unattractive alternatives. Who could form another government? Would a disgruntled electorate support a return to the status quo ante? Would the heavily fragmented and internally divided parties accept new elections without prior reform of Italy's unworkable system of proportional representation? Finally, who could solve the problem of Italy's disastrous public finances?

"It is very difficult to expect another cabinet to do tomorrow what has to be done today," he says. This calculation gives him confidence, and he adds bleakly: "I don't see a great future if they [the political parties] don't understand." Perhaps because this message is sinking in, the reaction to his programme has so far been muted.

The second prong has yet to be fully appreciated by the politicians. He has told parliamentary leaders he regards institutional reform, which is also being pressed by President Oscar Luigi Scalfaro, as their prerogative. In other words, parliament must draw up plans for changes in proportional representation, direct election of mayors, new powers for the regions and even a redefinition of the prime minister's and president's roles.

However, Prof Amato has assumed responsibility for economic management and by his own definition economic reform. The thrust of these reforms would be to slim down the role of the state. increase competition and remove political interference. Thus economic reform, which is likely to come faster, could in itself precipitate political reform. Prof Amato says his philosophy is

that of "the market whenever possible, the state whenever necessary". But he is very much a pragmatic Socialist. The budget, in which he exercised considerable influence. reflects his frustrating two-year experience as treasury minister. "As treasury minister I was per-fectly aware that the typical Italian budget was like a devaluation - it produces effects for a few weeks but



tals such as public expenditure." tion measures weighted towards He recalls preparing a budget for Italy's army of teachers only to discover that some 50,000 "new" staff had crept on to the payroll after the calculations had been made. "If you don't change these sorts of things, it is pointless to bother people with one budget after another." He left without being able to tackle these fundamentals. And now we are exactly at the same point three

Friday's budget seeks to find L30,000bn (£13.7bn) to hold the public sector deficit down to its original 1982 projection of about L128,000bn.

does nothing to change fundamen- The cabinet has gone for anti-inflaecial taxes on property and a oneoff tax on bank deposits - as opposed to swingeing spending cuts. He answers criticism of avoiding such cuts by saying: "First I have to tackle the rules and principles

decentralisation and privatisation.

The current generous state pension scheme risks gobbling up the entire budget if unchecked. The pension scheme outlined in the budget two because his changes upset so envisages a gradual move to retire many of the coment at 65 for both sexes, with a vested interests.

combination of incentives and sanctions for those who wish to avail themselves of the current 55 years for women and 60 for men. Final benefit will also be slightly reduced.

While pension reform was widely anticipated. Prof Amato has surprised everyone by tackling other issues head on. On public employment he is determined to revitalise the civil service with greater job forbility part ich definitions and flexibility, new job definitions and gearing pay to productivity.

There is no control of what our senior civil servants do . . . It is ssential to introduce productivity. he says. "Experts have been saying for years that it is impossible to raise productivity in the public sector. They are right, because the way the system is organised, it is impos-sible. Productivity is foreign to the

On the national health service, he is proposing to remove political control from local health authorities, which will be given greater auton-omy and the possibility of hospitals opting out, as in the UK. Until now local health authorities have had no budgetary control and have been one of the biggest sources of corruption. As a result large sums are spent to little effect.

The same considerations apply to local government at the municipal and regional level. Each year the state merely transfers funds, with no sanction for overspending. The government now proposes that municipalities will be able to raise additional property taxes (1 lira per 1,000 on a house), additional income tax (starting at 1 per cent above national rates, rising to 4 per cent by 1994), as well as increased road

The biggest immediate shake-up, however, concerns privatisation. "We have an overload of state ownership and we have to reduce it not just to pay debts, ... and at the same time we need a better financial market. We are trying to create a system with which we can face the European financial market saying we can make deals in which you can buy," says Prof Amato.

entities - IRL the main holding company; ENI, the oil concern; ENEL, the electricity authority; and INA, the insurance institute have become joint stock companies under the treasury's tutelage as a preliminary to selling off stakes in

"I am creating a machine that will be forced towards privatisation." Prof Amato insists. "There is no capital, no financial backing in the system as it is." The two new holdings, to be created under the treasury to hold state assets worth some L60,000bn, will be attractive to investors, he believes. But their real value, in which the private sector will take a maximum 45 per cent, will be in the performance of the companies they control and intend to sell off, he claims.

Deflecting criticism that the state still harbours ambitions to be a majority shareholder, he says: operations can easily see that under the two super-holdings there is a big push towards privatisation because that's the only way for the system to work."

which condition spending.

To listen to an Italian prime minThe latter cover five areas: pensions, public employment, health,
the beginning of revolution. many of the country's entrenched

BOOK REVIEW

Harry's human touch

Luce once described Presi-dent Harry Truman as the reductio ad absurdum of the common man. Fellow snobs among the east coast estublishment shared Luce's disdain for the onetime haberdasher from Independence, Missouri, dismissing him as a blunderer doomed to remain in the shadow of his towering predecessor, Franklin D Roosevelt.

Truman never quite silenced the critics. Even his upset victory over Thomas Dewey in the 1946 presiden-tial election, when he defied the collective wisdom of the press, Wall Street and many in his own Democratic party, failed to remove doubts about his ability and judgment.
The end of the cold war, however,

has induced much nostalgia in the US for the Truman years. The Marshall plan, the Nato alliance, the Berlin airlift and the Truman doctrine of "containing" Soviet power are now viewed as historic achievements. Advisers such as George Marshall, Dean Acheson and Clark Clifford now merit the status of "wise men". Truman himself appears bold, decisive and far-

David McCullough's biography, 10 years in writing, is the latest book to discover hidden virtues in plain-spoken, "give 'em hell" Harry. The president is portrayed as a courageous leader willing to take up unpopular causes: he sent the first civil rights message to Congress, desegregated the armed forces and led the world in recognising the state of Israel it was Truman who ordered the atomic bomb dropped on Japan, who developed the H-bomb and who fired General Douglas MacArthur, a national hero, for insubordination in the Korean war, upholding the principle of civilian control over the

military.

McCuilough is at his best when

TRUMAN By David McCullough Stmon & Schuster, \$30

describing Truman's Midwest roots, the Missouri of Mark Twain and Jesse James. A one-time bankrupt. Truman spent years struggling with debt. His family's financial troubles deprived him of a full education and forced him back on the farm. It was only after several disestrous busi-ness ventures that Truman concluded his future lay in politics, signing up with the powerful Pen-dergast machine which ruled Kan-sas City and later sent him, aged 50, to the US Senate. McCollough captures the man's stubborn confidence in his own ability, but also his sense of awe when he became

The book's chief weakness is that McCullough does not draw out the important lessons of the Truman years. Under President Truman, the US became a world power. The decline of Britain no doubt hastened America's assumption of world leadership; but it was by no means a foregone conclusion that the American public would support the activist role in foreign policy which they had earlier spurned. How Truman overcame these difficulties is a model of presidential leadership in action and a sober commentary on the drift and inaction in present day Washington.

In 1946-47, when the Soviet Union consolidated its hold over eastern Europe, Truman was still viewed as a caretaker president. In the November 1946 election, the Republicans captured majorities in the House and Senate, seemingly promising a stalemate between the executive and legislature. The political debate turned not on a prospective world leadership role for the US, but whether the new Congress would roll back the New Deal, slash

military spending and foreign aid, and go back to the isolationism of

A lesser man would have looked at the polls and packed his bags. But Truman elected to stand for what he thought was right for the country, rather than what he thought was politically expedient. He fought for foreign aid to Greece and Turkey in the spring of 1947 and won. Months later, his adminis-tration produced the Marshall plan, which dispersed billions of dollars to aid the economic recovery in western Europe.

The Marshall plan was based not

only on American largesse, but also on a hard-headed calculation that the recovery of Germany and Japan served vital US interests. Far from being an example of American imperialism, the Marshall plan grasped an essential truth: that the strongest alliances are based not on subordination (pace Moscow's relationship with its east European satellites) but on common democratic values and economic interdependence. This was the historic accomplishment of the Truman administration which underpins American power today, even though some of the institutions which supported the postwar liberal order such as Nato now require an overhaul.

Truman's other legacy is that he

showed it was possible to be president and remain a human being. He was the warts 'n' all president who won the affection of the masses because he never lost touch with them. Today, the American public craves this authenticity. This year's presidential candidates, including Ross Perot, the rich man's version of Harry Truman, are desperately seeking to respond. Each could do a lot worse than read this book to understand what it takes to be the genuine article.

Lionel Barber

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Φ

The dubious case for Mark revaluation

he Bundesbank has long argued that if other countries do not like the effects of German interest rate policies, they can always realign against the German D-Mark — or for that matter float downwards. For neither the ERM, nor the projected Emu, is a Bundes creation. But both have been

 fne Bundesbank protests a little too much — foisted upon it by the politicians. Indeed, at various times in the last few actually offered the French authorities a realignment, which the latter have adamantly refused.

The reasons why a general ERM realignment would not enable the UK to escape from present interest rate constraints have been explained dozens of times, most recently and cogently by the chancellor, Norman Lamont. These reasons apply to nearly all the hard core of Community countries, with the possible excep-

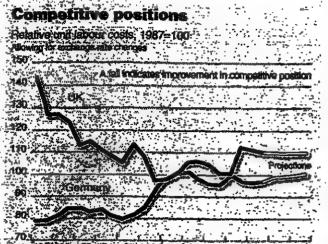
tion of Italy.
In brief it is that a devaluation would simply add to the risk premium that the market would demand for holding the non-German currencies. The extreme alternative of setting interest rates and ignoring the exchange rate - which is an exaggerated description even of Fed behaviour - would be a recipe for inflationary crisis for an ordinary European country.

Could there, however, he a unilateral German revaluation, which did not look like a devaluation by other countries, and which looked final enough for the markets not to expect further upward moves, and therefore not to increase the interest rate premia on non-German

If, say, Italy and the UK both realigned downwards without France, it would clearly be a devaluation by both the former countries. We know that this will not happen in the case of the UK so long as John Major and Norman Lamont both

remain at their present posts. The essential condition that would make a realignment into a genuine German revaluation would be one in which France participated and in which most important countries outside Germany remained linked by present parities. It is more difrevaluation would have also to be against Germany's smaller neighbours, such as the Benelux countries, Austria, Switzerland, Denmark and Sweden. But the more of these countries that stayed with France and did not move up with the D-Mark, the more the move would look like a genuine D-Mark revaluation.

Leaving aside the practicality, is the case for D-Mark By Samuel Brittan



This swing of resources is a

practical demonstration of the

savings and investment

approach to the balance of pay-

ments, which suggests that

there will be a surplus if

nities fall short of local

savings, but a deficit when

such investment opportunities - in this case defined broadly

to include all special expendi-

tures in the east - run ahead

represented a tightening of pol-

inflationary pressures more quickly. But how would other

The short answer is that

they would only benefit if the

Bundesbank regarded the

appreciation of the D-Mark as a

countries benefit?

The case for a

revaluation

from a German

point of view la

simply that it

revaluation as strong as the pains. By 1991, the German current balance of payments had moved to a deficit of 1.2 economists suppose? I have always needed to be convinced per cent of GDP, and the OECD expects the deficit to remain in 1992 and 1993.

and never quite have been.

Normally high-inflation countries devalue and low-inflation countries revalue. The very fact that Germany has been losing its inflation advantage to France makes the case for revaluation a strange one. Even Britain has very much improved its competitive position against Germany in the last decade — admittedly starting from a position when sterling was much overvalued.

The conventional case for revaluation is that because of of local savings. reunification.

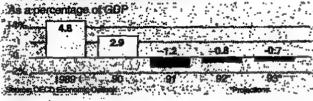
and into recon-

Germany has to Other countries MOVE PESOURCES would only benefit out of the export sector if the Bundesbank lowered interest struction efforts rates as a result in the eastern provinces. After

his recent Ditchley lecture, Dr Kurt Biedenkopf, the prime minister of Saxony, said that Germany would have to devote about 5 per cent of its GDP to reconstruction in the east.

In fact, however, Germany has largely done so, thanks to the running-down of its former. belance of payments surplus. Itis too often forgotten that as recently as 1989 the old Federal Republic had a payments surplus of 4.8 per cent of GDP, larger than that of Japan, and received chilless lectures from ing a level of interest rates a the US administration for its couple of percentage points or

German current balance



more below what would otherwise be the case. The UK Treasury in the late 1980s played with the rule by which each 4 per cent appreciation of ster-ling was equivalent to a 1 per

cent rise in base rates. In the absence of a similar sort of rule being followed by the Bundesbank, Germany's partners would have little to gain from a revaluation. But unless all the conditions, outlined earlier in the article, were rigidly observed, they would risk losing their hardwon counter-inflationary credi-bility with nothing in return.

It is in no one's interest that Germany should lose its reputation for low inflation. But that should not mean a mechanistic pursuit of broad money targets for M3. The OECD attitude, if one attempts to translate its annual report on Germany out of OECD-speak, is that the Bundesbank is right to maintain high interest rates, but should not raise them further and should not take too seriously the overshooting of the official money target.

The OECD lists three plausible reasons why above-target rate of German monetary growth can be misleading. First, reunification may have

changed at least the short-run relationship between the broad version of the money supply known as MS and the national income. Second, the canvassed introduction of a withholding tax on interest incomes may also have affected this relationship. Third, and most interesting of all, "there is evidence of increased D-Mark hoarding and the use of the Mark as a parallel currency in east European

These complications are reminiscent of Britain in the early a tightening of German mone-1980s when broadly defined money also became a treachertary policy for any given level ous guide to economic condi-tions. The similarity extends to of interest rates - just as the upward overshooting of, first, sterling and then the dollar the argument that an interest rate increase might worsen broad money growth in the icy for the UK and the US in short run, as the inverted yield the early 1980s. A revaluation curve encourages investors to would help Germany to reduce place long-term funds on deposit at the banks. Later in the 1980s the UK

relationship between broad money and spending improved. just as broad money targets were ahandoned - giving an interesting new twist to Goodhart's Law. What is probably required in Germany is a temporary above-target rate of monetary growth, which should then be steered back to a lower rate before a Britishtype credit boom can prevail. The first part of this course will be followed anyway, what-ever decision the Bundesbank Council makes today, as it is far too late in the year to get German money supply growth back on track.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

The fatal threat to a Euro air industry

From Mr. Madron Seligman

Sir, Since the late 1970s German governments have sought to re-establish the German aero-industry, but have found difficulty in obtaining finance to develop civil aircraft. While German withdrawal

from the European Fighter Aircraft (EFA) could release the necessary finance to strengthen a German presence in civil aircraft manufacture, It could fatally wound the European aero-industry as a whole. The US aero-industry is in a towering commercial position with public finance for aero-

nautical research and develop-ment at 10 times that provided by west European governments together.
The lesson of the Boeing 747, an aircraft with a monopoly in its market sector, ought not to

be lost on policymakers thinking of leaving US industry with the world's last high-performance fighter sircraft. The estimated profit on each Boeing 747 is \$50m! The unit price of EFA might be \$18m. How much would a US fighter aircraft cost the European taxpayer in the absence of a competitive machine? Madron Seligman,

deputy co-ordinator for energy research & technology of the Parliamentary Group of the European People's Party

UK should press for D-Mark to be revalued, says Kinnock other ERM countries, Britain | sures which are required to

From Mr Neil Kinnock MP. Sir, This morning I can write without having my words treated as formal Labour Party

I do so to urge that the government takes a real lead amongst the ERM countries in pressing for an immediate revaluation of the D-Mark. If the prime minister and the chancellor of the exchequer have urged this step in their frequent meetings with their German counterparts in the last month it has remained a rather better kept secret than usual. In any case, if they have been rebuffed they should - they must - keep on

A D-Mark revaluation would reduce inflationary pressures in Germany – with comple-mentary benefits in lower German interest rates, enhance the Llow of capital into Germany required for reconstruc-tion in the east and thereby, via higher German imports, contribute to higher output and employment throughout Europe. It would also allow

in particular, to avoid the heavy costs which loss of credibility would impose on any imilateral devaluation.

If there are some ERM memhers - France might be an example - whose governments are against a D-Mark revaluation, the British government should exercise maximum influence and point out that they, too, should benefit from a revaluation as an alternative to the interest rate pressures which will inevitably persist given the combination of current exchange rates and inflationary pressures in Germany.

There are some who might argue that it would be unbecoming for the British government to try to persuade the Germans to aid the British economy and the rest of the Community by revaluation. But such an approach would be a great deal more elegant than Norman Lamont's plea to the Bundesbank not to increase interest rates. Much more important, it would be part of the package of mealead the European Community away from stagnation, and provide Britain with an alternative to the devastating high real interest rate policy being pursued by the government. Neil Kinnock, House of Commons

Westminster, SWIA OAA

From Mr Ivo Fuchs. Sir, It seems untenable that

the UK government insists on holding the value of the pound against the D-Mark in the ERM, even if other governments forced a realignment. The only country in the ERM that is worried about inflation and high monetary growth is Germany, and the classic way to deal with the former is to revalue the currency. If Gerrevalued unilaterally against all the other members of the ERM by a meaningful amount, then the current foreign holders of the D-Mark would readily accept lower interest rates having made a substantial profit by holding the D-Mark. This would not only help to relieve the recessionary tendencies we are all suffering from, but would also help Germany in its fight against inflation. Inflationary effects of its revaluation would only have a negligible effect within the UK. Ivo Fuchs, Braydon Hall,

Minety, nr Malmesbury, Wiltshire SN16 9QX

No time for exaggeration From Mr Ghazi Algosaibi. dures in less than the tradi-

Sir, In your piece entitled "On Parade" (July 14) you mentioned that Sir Peter de la Billière has become a director of Robert Fleming, with duties to see "how can Fleming executives negotiate the maze of Saudi airport customs proce-

tional two hours". Last time, these procedures took precisely 1 hour 55 minutes. I see no reason for you to exaggerate! Ghazi Algosaibi, Ambassador.

Royal Embassy of

A catechism offered in defence of economic unorthodoxy • if Britain's car and TV | forego available economies of industries had also received | scale? For Prof Wood: may I lend From Prof Ronald Dore.

Sir, How refreshing to find that attacks on economic orthodoxy can sometimes actually produce articulated outrage and not only the usual dismissive silence. But may I briefly reply to Messrs Thom-sen and Wood (Letters, 13

For Mr Thomsen, a catechism. Does he really believe that: Nissan is "no better" than

the British car manufacturers which it has displaced in Britain's domestic and export

industries had also received what he considers was the salutary punishment for inefficiency meted out to the British motor-bike industry - namely extinction - we would rapidly have found other ways of earning enough foreign exchange to import as many cars and TVs as we now enjoy? How might our friend the invisible hand have done it? Banking services? Tweeds and whisky? • the North American Free Trade Area and the European Single Market are so small that

Japanese investors have to

 Japaness neo-mercantilist 1950s when they decided to protect, invest in, and build future world competitiveness in industries which (a) had higher value-added per employee, and (b) had greater world-income elasticity of demand, and (c) kept them closer to the world frontiers of technological development, than those in which they currently had comparative advantage?

• in so doing they reduced world economic welfare?

him a recent paper by a current guru, Jagdish Bagwati, General Agreement on Tariffs and Trade. He quite explicitly bewails the failure of theory to demonstrate that when two countries' prices differ trade dways brings mutual advantages, no matter why they differ. Ronald Dore.

Centre for Economic Perfor-WHICE. London School of Economics.

Houghton Street, London WC2A 2AE

Observer

Going for a song

■ The ghost of Yoshi Fujiwara must be smiling contentedly through Japan's economic gloom. While the Japanese may have ceased knocking back champagne, they are still coughing up handsomely for western opera, which the tenor Fujiwara first popularised there 59 years ago. Around 2,500 of them have

paid £2,350 aplece for tickets companies over the next four years. Britain's Royal Opera. first on stage this month with Mozart, will be followed next year by counterpart companies from Berlin, Vienna and Milan The Y560,000 tickets, which

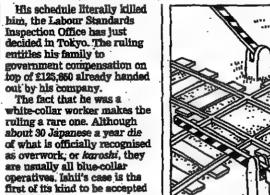
cover 14 operas, have sold so well that the organisers have rationed sales to leave seats for people not rich enough to attend all the performances. The British company has

aiready touched not just the heart- but the purse-strings of Hirotaro Higuchi, president of the tours' sponsor Asahi Breweries, Even though Asahi has not escaped unhurt from the troubles, at the Royal Opera's Tokyo party he upped and pledged a contribution to the £250m renovation scheme for Covent Garden.

His hosts were so shocked that silence reigned until his words were digested, when it gave way to spontaneous applause. Asahi officials also appear to have been surprised it took them two days to confirm the details of their president's promise.

Final shift

■ Meanwhile executives who complain of killing work schedules will perhaps count their blessings on comparing themselves with Mitsui official



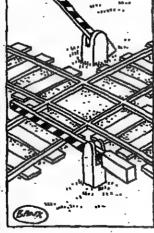
in Tokyo. He was found dead, aged 47, in a Nagoya hotel room two years ago after a week in which he'd been kept too busy to take a day off. A Russian speaker, he had been escorting four Russian clients visiting his company.

Peace auction

Although the European Community sponsored peace conference on Yugoslavia was started nearly a year ago, it has failed to set up a permanent secretariat. Hence its chairman Lord Carrington has been using the London premises of Christie's, the fine art dealers he also chairs, for talks with representatives from war-torn Bosnia-Hercegovina.

"It's as if he is meeting us between auctions," said one senior Bosnian official, who regretted that the UK, which holds the presidency of the Community, appeared to have made little effort in providing transport and a decent venue for talks affecting the lives of thousands of people in

First at the door of Christie's was Radovan Karadxic, head of the Serb irregulars still bombarding the eastern city of Goradze, despite yet another cessefire promise by Karadzic. A psychiatrist by training, he was chauffeured to and



from the premises in a blue Volvo, guarded by his usual coterie of heavies. Haris Sīlajdzic, Bosnia-Hercegovina's foreign minister, just took a

Deep pile ■ The auction-room peace

talks contrast sharply with the London red carpets being rolled out for one Egon Klepsch. Yesterday: meetings with the prime minister and lord chancellor, the leaders of both opposition parties and the lord mayor of London, not to mention lunch with the foreign secretary. Today: an audience of the Queen, drinks with Commons speaker Betty Boothroyd, and chinwags with a further clutch of ministers.

Of course they, unlike most Britons, know that Riepsch is president of the European parliament. But his reception is to say the least a notch above any given to his predecessors in said office. Could the reason be that he

is a German Christian Democrat, who had a lot to do with arranging the admission of British

Conservative MEPs into the

European People's Party group three months ago? Not an earth-shattering event, perhaps, but one that John Major sets some store by.

Whitson's turn

■ Midland Bank and its new enjoying their honeymoon, so nobody will be too upset about the abrupt departure from the Midland board of highly paid American, Gene Lockhart, and well connected Dutchman George Loudon. Evidently their faces just didn't fit any more.

They had, however, proved themselves in the market place more than can be said for Keith Whitson, Midland's new 49 year-old deputy chief executive. Having joined the Hongkong Bank from school, he has worked his passage and so has more in common with most Midland Bankers than Loudon or Lockhart.

Nevertheless II Midland smill regard Whitson as just another safe pair of hands, they may be badly mistaken. In his days at Midland's new sister organisation, New York's Marine Midland, he helped reduce its assets by over a third and its staff by close to a quarter.

Heavy price

Whatever British Rail may think of the government's privatisation plan, it has certainly taken change on board by hoisting its fee for a cup of coffee to 81p. Train stewards dishing it out now have to lug around vast amounts of copper as change for the £1 coins they're invariably offered.

"A bizarre price," commented Observer's watchdog on the 10 am express to Cardiff. "Couldn't agree with you more," said the weary

Software Star.



arguably the most successful independent TV company in the UK. with an enviable 36-year record of broadcasting highly popular pro-grammes such as Coronation Street and World in Action.

"There's a special skill in sustaining that relationship with a viewer," says Wall. "We've done so for many years, and our advertisers obviously appreciate it -in spite of last year's difficult trading environment our advertising numover was £165 million. Wall attributes this success to

a hardworking sales team and flexible computer software: "We use the ADage airtime sales system built exclusively on Computer Associates' CA-DATACOM® and CA-IDEAL® software products." Wall recognised the benefits of

adaptability a long time ago.
"Once an ad goes out," says Wall, "you can't go back and resell the airtime. So we needed a key management tool to assess the best match of product versus audience viewing in a particular break." The versatile CA

product-based system provides much more than that, including direct links to agencies so they can see what their bookings are. "The system has

helped us to increase our market share substantially," says \Vall. It has also given them confi-

dence in their ability to achieve future objectives. Wall explains: The satellite boom and other big changes in the market are upon us. Thankfully, the CA products provide a very flexible base that enables us to constantly adapt the sales system as we enhance the way we sell.

You can't predict the future, but with a system built on CA preducts we're ready for the next episode in our series of successes!"



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Nelson Mandela, in New York yesterday to address the UN Security Council, meets presidential hopeful Bill Clinton

Mandela rejects resumption of talks

By Michael Holman in Johannesburg, Martin Dickson In New York and Agencies

MR NELSON MANDELA, the African National Congress leader, vowed last night not to resume talks for a non-racial gov-ernment in South Africa until violence in black townships sub-

In an address to the United Nations Security Council in New York, he accused the Pretoria government of organising and orchestrating the violence, directed mainly at movements

such as the ANC. Mr Mandeia called on the Security Council to intervene to end saying it was its obligation to act firmly. "Failure to act decisively cannot but undermine its prestige," he said.

He called again for Mr Boutros Boutros Ghali, the UN secretary-general, to appoint a special representative to help stop the violence and create a climate conducive to negotiations. The Security Council, he said, should then undertake "continuous mou-

itoring" of the situation.

During Security Council debate
on South Africa, Mr Pik Botha, the foreign minister, was expected to support a proposal that a UN envoy makes a fact-finding

He was also expected to invite

part in fresh efforts to end vio-lence. Earlier, Mr Mandela branded President F.W. de Klerk's latest initiative to end the violence in South Africa as a "raw manoeuvre" to influence

the the UN debate. Mr de Klerk, in the latest attempt to revive South Africa's stalled peace process, pledged to disband controversial security force units in a statement issued late on Tuesday night,

The country's tense political climate was highlighted yesterday when shops in the centre of Pietermaritzburg, the Natal provincial capital, were looted after several hundred ANC supporters tried to occupy the city hall.
In a late night statement on

that two battalions which have won a reputation for brutality in operations in black townships, would be disbanded.

A police unit which includes members of a former counter-insurgency force known as Koevoet, which was deployed in pre-independence Namibia, would also be disbanded. Members of all three forces would be absorbed into other units.

Mr de Klerk, who warned that the ANC's campaign of "mass action" in the form of strikes, marches and sit-ins had "created an explosive situation", renewed earlier pledges to ban the carry-ing of dangerous weapons in pub-lic.

Peace talks on Bosnian criticised crisis make no progress Continued from Page 1

By Judy Dempsey and Robert Mauthner, Diplomatic Editor.

THE European Communitysponsored peace talks on Bosnia-Hercegovina have made no progress following a day of talks in London, Lord Carrington, chairman of the taiks, said last night. He said the only significant aspect of the talks was that all three leaders from war-torn Bos-

nia had turned un. Lord Carrington added that some constitutional settlement would have to be agreed between the Moslem. Serb and Croat communitles in Bosnia before any ceasefire had any meaning. His remarks followed a request by the Bosnian government which yesterday asked the EC to place all heavy weapons under interna-tional supervision as the first step towards stopping the fight-

ing in Bosnia-Hercegovina. Mr Haris Silajdzie, Bosnia's foreign minister, who took part in bilateral talks with Lord Carrington in London, said ceasefires were meaningless if the interna-

By Nell Buckley in London

trolled safety system.

THE operator of Sizewell B.

Britain's most advanced nuclear

reactor, has been asked to con-

sider strengthening its back-up

safety system after fears over the

station's principal computer-con-

Nuclear Electric, the state-

owned power generator, intended

Sizewell B to be the first UK nuclear power station to rely on

a computer-controlled primary

system to detect faults and shut

the reactor if necessary. The sta-

tion, in Suffolk, east England, is

Inspectorate, part of the govern-

ment's health and safety execu-

tive, has asked Nuclear Electric

to examine extending its back-up

system, which is not computer-

controlled, so that it could also

World

Weather

But the Nuclear Installations

due for completion in 1994.

steps to disarm the Serbs. "How can we continue this peace conference when thousands of people are being killed or deported, and regions are being ethnically cleansed by the Serbs?" asked Mr Sllajdzic.

He said the Bosnian government would reject the "cantonisation" plan drawn up by the EC last March. The plan was sup-ported by Mr Radovan Karadzic. head of the Bosnian Serbs, and Mr Mate Boban, head of Bosnia's Croats, because it would eventually lead to the ethnic division of Bosnia between Croatia and Serbia and leave the Moslems without a homeland.

Mr Karadzic, leader of Bosnia's Serbs and the Serb irregular forces, who also met Lord Carrington, called for a ceasefire and the creation of a land corridor from the Adriatic port of Split in Croatia to the Bosnian capital of Sarajevo, which is still under

Safety fears at UK reactor

carry out the functions of the

main system. Nuclear Electric said last night

that the back-up system at Size-well, which will be the UK's first

pressurised water reactor, oper-

ated on the same principle as those used at existing nuclear

stations. The computer-controlled

primary system was an addi-

tional safeguard aimed at protect-

The company said that human

operators would be able to over-

ride the computer-controlled sys-

tem and shut down the plant at

any stage if they suspected a

fault. The computer would pre-

vent them only from taking

action that would compromise

Today's Computer Weekly

magazine reports that the NII

asked Nuclear Electric to con-

sider increasing the scope of its

the plant's safety.

ing against more remote risks.

siege by Serb irregulars.

Mr Karadzic said the ceasefire "should last longer to give us a breather to finish our talks on the conference on Bosnia

But it appeared unlikely that he would adhere to any ceasefire until the Serbs had consolidated their hold over eastern Bosnia

> Meanwhile, Mr Douglas Hurd. the British foreign secretary, who left for a four-day tour of former Yugoslavia, was due to stop in Paris last night for talks with his French opposite number, Mr

Mr Hurd, who is due to visit Ljubljana, Zagreb, Sarajevo (if conditions permit), Belgrade, Skopje and Tirana, is anxious to use the British presidency of the EC to boost efforts to find a peaceful solution to the Yugoslav

Mr Hurd and Mr Dumas were expected to discuss the possibil-ity of opening land corridors to Sarajevo through which aid would be transported in trucks, which would have to be protected both by military aircraft and ground troops. Britain has firmly ruled out the use of British troops for such a purpose.

Bonn sends destroyer, Page 2 Editorial comment, Page 12 Observer, Page 13

back-up safety system at a meet-

ing of the Advisory Committee on the Safety of Nuclear Installa-

Computer experts have long

warned against public safety

being entrusted to complex com-

puter software, which they say is

difficult to test for errors because of its complexity. The British

Computer Society has set up a

safety-critical computer systems.

have told the NII that extending

the system could delay the proj-

Nuclear Electric said the NII

had said it would license the Size-

well B plant without extending

the secondary system if the com-

pany could substantiate the vali-

ect by up to nine months.

Nuclear Electric is believed to

tions at Sizawell last month.

Abu Dhabi

Mazrui, head of Abu Dhabi's Department of Private Affairs. which handles the personal finances of Sheikh Zayed, Abu Dhabi's ruler

In the conversation, Mr Naqvi gave the Abu Dhabi representatives details of hitherto undisclosed losses at BCCI and said that \$2.2bn of funds belonging to Sheikh Zayed, had been stolen by ICIC Group, a Cayman Islands offshoot of BCCL

Abu Dhabi representatives say the confession was confusing and that they did not trust Mr Naqvi. They believed ICIC was unrelated

to BCCTs core activities. They were given no evidence to back up his assertions, though they eventually received a three page hand written summary from Mr Naqvi of his allegations, which they decided to investigate before communicating them to outside authorities. It is not known whether they communicated details of the confession to Sheikh Zayed.

No notes were taken of the conversation at the time. Lord Justice Bingham is understood to have relied to a large extent on written evidence relating to the discussion provided by Price Waterhouse, BCCI's accountants. However, Lord Justice Bingham is convinced that Abu Dhabi was not as uncomprehending as it now says it was. His draft says that the Abu Dhabi representatives were not inno-

cents in financial matters. The report, not due to be pub lished for several weeks, falls into three parts. The first, running to 1,000 pages, contains the evidence and is unlikely to be sublished. The second section, or more than 300 pages, is a narra-tive. The final section, which is still being prepared, contains Lord Justice Bingham's conclu-

sions and recommendations. The Bank of England and the Treasury, which commissioned the report, have received the bulk of it already. The government will then decide, in consul tation with the Treasury's solicitors, which parts to publish. The government has said that any parts likely to prejudice possible criminal prosecutions will be

dation tests it was carrying out. France 'too dependent', Page 3

THE LEX COLUMN

In for the long haul

It is too early to tell whether the US discount rate cut at the start of this month will succeed in injecting vigour into the domestic recovery. But the early July drop in new car sales hardly bodes well, while yesterday's figures on June industrial production and May business inventories confirm the weak backdrop against which the rate cut decision was taken. A decline in industrial output was inevitable after the June unemployment figures.
Only a small portion of the latest 0.3
per cent drop can be put down to the
effect of last month's rail strike on coal supplies. The disturbing aspect is the heavy fall in output of cyclically sensitive goods like motor vehicles and construction equipment.

Nor do the inventory statistics point to a rapid recovery in output Inventories are at their highest level since March last year. May's 0.1 per cent rise was accompanied by a 0.2 per cent drop in business sales, while stocks are particularly high in the flagging retail sector.

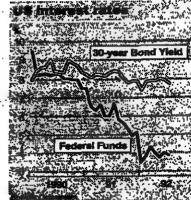
There is not much in these figures. to steer market speculation away from the possibility of another rate cut later in the summer. That would leave the dollar under continuing pressure, though yesterday's fall was more a reflection of worries about a possible Bundesbank tightening today. Moreover, if the latest rate cut does fall to do the trick, there must be some doubts about the ability of the US economy to respond to short term rate cuts at all. A sharper fall in long rates may be needed to rekindle activity in the residential mortgage market. But that is harder to orchestrate when the budget deficit is ballooming, the currency is weak and the appetite of Japanese investors has waned.

UK market

Yesterday's further 17 per cent slump in the shares of the management con-sultant Alexander Proudfoot makes one suspect that a trend is emerging in the London market. Proudfoot is one of a clutch of meditim-sized stocks – others include BM Group and MTM

- to have collapsed suddenly in recent months. Most have suffered sudden changes in top management. All were at their peak relative to the market when they came to grief. The reaction has in each case been savage. Proudfoot's shares are down 45 per cent since late May. BM and MTM are down 79 per cent and 88 per cent from their peaks in June and February respectively.

FT-SE Index: 2486.4 (+2.4)



jumpy was in October 1990, immediately after the collapse of Polly Peck. That time, the targets were companies with heavy borrowings. This time it is companies with doubtful earnings. It is worth recalling that in 1990 the market made some shrewd choices of vic-tims, such as Maxwell Communication and Brent Walker. It is perhaps also worth recalling that the worst of the price collapses coincided with the bot-

iom of the market, when the FT-SE index bounced off the 2,000 mark.

The complicating factor this time is the lack of warning. Investors in Maxwell or Brent Walker knew them to be heavily indebted and were taking a calculated risk. The problem now is pressure from the real economy, which is harder to assess. But all the companies mentioned - the list could be extended to include Albert Fisher were essentially creatures of the 1980s. Perhaps, in markets like these, one criterion for stock-picking is com-

panies which were kicked around in

the recession of 1980-81 and managed.

Imagine the City of London's reaction if several hundred of the Midland Bank's branch managers had openly expressed their preference for the Hongkong Bank, while Midland's directors had adamantly refused to choose between Hongkong and Lloyds.
That is roughly what seems to be happening at Banque Bruxelles Lambert
(BBL). Senior employees have voiced their support for a cross-border alliance with Internationale Nederlandon (ING), rather than a local solution

involving the state-owned credit insti-tution Credit Communal. Yet after yesterday's extraordinary meeting on the subject the bank had nothing to

BBL is torn between the comm logic of throwing its lot in with ING and the messier political option of linking with Credit Communal. For the moment it looks like a classic Bel-gian stand-off. Local sensitivities were gian stand-on. Local sensitivities were ruffled by the French takeover of Société Générale de Belgique in 1988, and there is eagerness in the Belgian political and financial establishment to ensure that another foreigner does not now walk off with BBL, one of the not now walk off with BBL, one of the country's big three banks. Never mind that Suez. La Générale's majority shareholder, weakly allowed the Belgians to delay the much-needed restructuring of the sprawling holding company which is now under way.

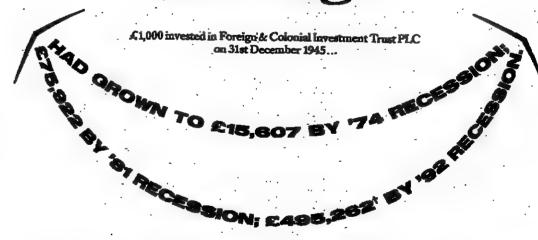
Given the 10-15 per cent speculative premium in BBL's share price, minority investors are playing a risky same

premium in BBL's share price, minority investors are playing a risky game. Admittedly ING looks to be moving on to the offensive by raising its stake to over 10 per cent, but the strategy of BBL's near-30 per cent shareholder Groupe Bruxelles Lambert (GBL) is far from clear. GBL can probably deliver effective control to one side or the other. But what if it does so without extracting a full bid as part of the

New issues

Anglian's first day trading discount of 3 per cent puts it somewhere in the middle of the latest crop of new issues. less of a disappointment than the 13 per cent scored by The Telegraph, but trailing Kenwood's 1 per cent premium. Whether the relationships will stay that way is another matter. Research from the City University Business School into new issues between 1980 and 1988 suggests first day trading is an unreliable indicator of future performance. Though the average initial premium was 14 per cent, the collective underperformance thereafter against the FT-Actuaries All-Share index was 4 per cent over three years. The outstanding performance of Body Shop apart, shares with the highest initial premium tended to perform worst. Unfortu-nately for The Telegraph, shares open ing at a discount were the second worst performing group. The best started with a premium between 6 and 12 per cent. A modest degree of underpricing may yet be the best recipe for getting an issue away.

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Thursday July 16 1992





INSIDE Sale of Cathay stake

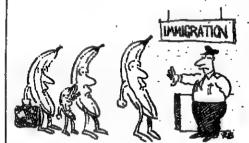


The purchase by Chinese companies of a further 10 per cent of Cathay Pacific underlines a growing trend in Hong Kong for owners of business franchises to seek a mainland partner. The deal, in which China National Aviation Corporation and China Travel Service each bought a 5 per cent stake in the airline, was not about forging an all-China aviation and travel alliance, but about Cathay safeguarding its post-1997 future. Page 20

Taunton Cider offer falls to attract public support

The public has taken up only 30.1 per cent of the shares on offer in Taunton Cider, making the west country drinks group the latest new flotation to fail to attract widespread support. Meanwhile, Taunton's main competitor. Bulmer Holdings, reported a 19 per cent rise in pre-tax profits as the market continued to outperform all other drinks markets in the UK. Page 22:

Banana bloat



Ecuador's banana bonanza, which brought in \$715m last year, is threatened by mounting production and European Community measures to limit Latin American access to the European market. Although Ecuador more than doubled exports to Germany last year, producers are worried about future European sales.

Brazil bounces back

Brazil was the poorest performing market in June, while Turkey came out on top after several months of decline, according to emerging markets data provided by the IFC, part of the World Bank. Allegations of corruption against Brazil's president had prompted the decline, but most of the losses have since been recouped. Back Page

Osaka under scrutiny

Further restrictions on stock index trading at the Osaka Stock Exchange could be imposed if there is evidence of volatility in the underlying cash market. Japanese financial authorities have blamed futures and options trading on the OSE for distorting the cash market. Page 21

Market Statistics

Base lending rates Beneameric Govi bands FT-A indices FT-A world Indices Back Page
FT-A world Indices Page
FT-A world Foreign exchanges Lendon recent lesses London share service

Little equity options Locator tracit, option.
Managed fund service. Money markets New Int. bond issues World commodity prices World stock risk! indices UK dividends removed

Companies in this issue

23 KIO 16 Kalon Alusuisse
American Home Prods 18 Leslin Wies
London United Inve Anglian Group Anglovaal Marriott Corporation 20 Midland 15 Motorola 25 Pacific Horizon **Barclays** Baynes (Charles) Beckenham 23 Parker Pen 23 Polaroid 22 Proudloot (Alex) 19 Ramads Bulmer (HP) CAE Inda 22 Reynolds Metals 20 SPRAIT 22 Scotlish Nuclear Cable and Wireless Cathay Pacific Clarke Hooper Smiths Industries Codan Cray Electronics 22 Sprint 23 Sun Alliance Denmans Electrical TSB Taunton Cider Fempleton Galbraith Thorn EMI Tomorrows Leisure General Dynamics 18 Waltrook internet 12 Waste Management 13 Williams Holdings 16 World International Georgia-Pacific Intercontinental

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Rises	_			Anglia 5 Hornes	842	-	51
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Fare wars push AMR to \$166m loss Investors AMR would have posted an after-tax loss of \$48m, or 64 cents a

STHE FINANCIAL TIMES LIMITED 1992

AMR, parent company of American Airlines and one of the "big three" carriers in the US, yesterday led what is likely to be a dismal quarterly reporting sea-son for the US airline industry, with a \$166m loss after tax in the three months to the end of June. Mr Robert Crandall, American's chairman, described the figures as "an enormous disappointment". He blamed domestic fare

ating results were very adversely affected by the need to match discounted fares of our competition, and secondly, by continuing increases in fuel prices," he said. Part of the deficit came from one-off items - a \$109m provision on a now-suspended hotel and car reservation system project, and \$9m to cover American's share of a recent class action settlement.

But even without these items,

share, compared with a \$10m profit in the same three months a year earlier. At the operating level, there was a small profit, but a 14.1 per cent rise in operating expenses year-on-year, to \$3.53bn, outweighed the 12.3 per increase in revenues at \$3.59bn. In April. American tried to

count offers in favour of a four-

overhaul domestic ticket pricing The Dallas-based company was by eliminating its numerous disone of only two US carriers to

undermined: "Our competitors have chosen to continue filing many different fares, thus proliferating complexity and prevent-ing value pricing from working as it should. Thus, despite strong \$1.85m deficit, on revenues of \$5.96bn. traffic growth in the second quar-ter, yield declined by 3.6 per cent - a very unfortunate result."

make a profit in the first three

tier fare system. Mr Crandall months of 1992. However, the admitted the initiative had been second-quarter deficit means AMR is now posting a net loss of \$146m for the first half, on revenues of \$7.09bn. In the first six

AMR had already warned of a second-quarter loss and the airline's operating results were better than some pundits had feared. Shares in AMR closed up \$1% at

Michiyo Nakamoto charts the search for rewards from technology

Patents trade becomes a booming business

urrent wisdom in the elec-tronics industry is that "if you can't seil your products, sell your technology. As competition and economic slowdown eat away at profits, the adage is winning a growing num-

The trend to seek rewards for technological developments is encouraging an increasing num-ber of companies to search their portfolios for patents on which they might be able to capitalise. Furthermore, companies which believe their technology is being used by competitors who have not made royalty payments for the privilege are increasingly

fight for their cause. In the past few months intel. the semiconductor manufacturer, has filed suits against Chips and Technologies (which has countersued Intel) and Cyrix, while Wang, the computer company, has brought actions against Mitsubishi Electronics America and

willing to turn to the courts to

NMB Technologies.
The trend towards protecting intellectual property is spreading as the financial gains from licen-sing technology increase.

"It's a booming business and there is lots of money to be made in it if you have a patent,"-says Mr Lane Mason, principal analyst at Dataquest, the high technology consultants, of San Jose, California. He estimates that last year, publicly-known licensing fees that were paid in the semiconductor industry alone came to roughly \$800m, compared with

Texas Instruments has made more money in the past two years collecting royalties on its semiconductor patents than it has from selling semiconductors.

The Dallas-based group made a loss from operations in both 1990 and 1991, but collected \$428m during that time in royalty revenues from its competitors. In the five years since 1987 it has received in excess of \$1.2bn in royalty revenues alone.

Honeywell, the US controls manufacturer, this year enjoyed a rise in first-quarter income from \$71.8m in 1991 to \$116.8m, helped by a \$127m settlement it won from Minolta, the Japanese camera group, over a patent infringement dispute.

The US has set an example that

European and Far Eastern groups are beginning to follow. Philips, the Dutch electronics group, has agreed to assist in the licensing of patents owned by Mr Gilbert Hyatt, an American scientist entrepreneur.

SGS-Thomson recently asked the US International Trade Commission to investigate the sale by several Taiwanese semiconductor companies and importers of certain integrated circuits, which it says infringe its patents.

Japanese electronics companies, which for many years had silently watched competitors in Korea build up their semiconductor manufacturing capability, have begun to initiate licensing agreements with Korean manu-

he trend has sprouted law firms and organisations specialising in intellectual property rights. "More companies are starting to understand that intellectual property should be a major strategic asset," says Mr Melvin Sharp, president of Innovation Strategies, a consultancy set up specifically to advise companies on how to make use of

their intellectual property. These moves reflect a marked change of attitude among electropics companies towards patented technology.

While the electronics industry was still in its infancy, technologies were licensed widely at low

prices in the hope that greater use would establish them as de facto industry standards, says Mr Osamu Ohtake, president of Sem-

icon Research, a consultancy. But as R&D costs have risen and competition intensified, the pioneers of technologies, many of them in the US, have not been able to make the necessary returns on investments in the marketplace, where they have been battered by competition from the Far East. They have been forced to turn instead to royalty payments as a source of

"Intellectual property is becoming a new commodity that's being priced at whatever the market can bear," says Mr

The companies blame rising R&D costs for the trend. "A com-pany cannot go on indefinitely investing billions of dollars in R&D without obtaining a reasonable return on its investment," Texas Instruments says.

The group invested \$2bn in R&D between 1986 and 1990, during which time it was able to recoup \$700m through royalty payments, which were aided in part by court actions against six Japanese semiconductor manu-

The amount of time and money spent by companies on legal action over patent disputes and the spiralling costs of licensing technology are, however, raising cries of alarm in the industry.

The number of legal disputes involving semiconductor manufacturers, for example, trebled from 12 in 1986 to 37 last year, according to a recent joint study by Pathfinder Research of the US and Semicon Research in Japan. With amounts being sought for

royalties skyrocketing, companies being asked to pay up have started to resist. Sanyo, the Japanese electronics

Recent patent licensing deals ttis Mitsubishi Electric New Japan Radio Nopon Precision Circult Samsung Seiko Epson Sivarp Toko Wang Gilbert Hyan Prints 1992 Computer software 1992 infringement lawsuits in semiconductor industry

with Texas Instruments over strength of their low-cost manurenewing a licensing agreement, recently started court action in favour of those which have against the US group, charging it with misuse of patent rights and anti-trust violations.

Earlier this year, Fujitsu, the Japanese computer and electronics group, filed a petition in Tokyo seeking a court determination that a Texas Instruments patent does not apply to Fujitsu

The aggressive stance of the patent holders is such that some in the industry believe there could even be a shift in the balance of power away from com-

group which was in negotiation panies which succeed on the facturing and marketing ability, patented technologie

Intel, the US semiconductor manufacturer, for example, has been able to dominate a highly lucrative sector of the semiconductor market for years, by refusing to license its microprocessor

But there is growing concern in the industry that if more companies took a similar stance or if licensing prices were allowed to continue to rise as they have done recently, the effects on competition could be detrimental

in BBL split over strategy

By Andrew Hill in Brussels

DIRECTORS of Banque Bruxelles Lambert yesterday urged inves-tors to find a quick solution to the strategic questions that threaten to undermine the Belgian bank's shareholder struc-

But the board failed to indicate whether the bank would be better off forging commercial links with an international or a

domestic partner. The group's shareholders are split over strategy. BBL is under pressure from Internationale Nederlanden (ING), the Dutch hanking and insurance group, to enter into a form of collabora-

At the same time, influential Belgian investors - notably Groupe Bruxelles Lambert, the holding company - would like BBL to link up with Credit Communal, the publicly-owned Bel-gian credit institution.

ING announced on Tuesday that it had increased its stake in the Belgian bank to just over 10 per cent. At yesterday's board meeting, BBL directors "took note" of ING's wishes, and said they wanted to position the bank favourably for its further devel-

They urged shareholders "to find a rapid solution in order to ensure the stability of its shareholding". Another board meeting s fixed for September 17, but a BBL spokesman said: "The dis-cussion is not really in the boardroom any more - it's rather a debate between inves-

A report to the bank's executive committee by Credit Suisse First Boston has indicated that an international strategy would offer more advantages to BBL than a domestic move. BBL managers have also indicated they would prefer an international

link-up.

BBL's complex shareholder structure is dominated by GBL. which controls 24.16 per cent of the bank directly and through subsidiaries. The holding company is headed by Mr Albert Frère, who is believed to favour keeping BBL Belgian. Last week he and his subsidiaries sold a 5.7 per cent stake in BBL to Banque Internationale à Luxembourg. which has Crédit Communal as its principal shareholder.

GBL also heads a long-standing syndicate of BBL's main shareholders, which must offer their shares to GBL first if they decide to sell.

Fininvest profits fall 68% to L61bn after Mondadori purchase

FININVEST, the media, retailing and investment group controlled by Mr Silvio Berlusconi, the Ital-

the effects of absorbing the publishing group Mondadori, purchased last year largely on the basis of new borrowing. As a result, the group's net debt rose 21 per cent last year to L2,938bn higher than analysts expected
 and compared with net assets

The Mondadori purchase also showed that last year's growth in sales was generated by acquisitions. The group's consolidated turnover rose 33 per ceut from L7,561bn to L10,096bn. With

largest private group after Fiat and Ferruzzi-Montedison, invested heavily, with L1,158bn spent on cinema and television rights, supporting its core media

reach L12,300bn. In spite of the stagnant state of the Italian economy, the group claimed that increased efficiency led to a 10 per cent rise in operating profits to L544bn. However, this was not reflected in after-tax profits because of growing finan-

The Berlusconi family controls all but 10 per cent of minority stakes in the group's two publicly quoted companies, Mondadori and Standa, the store chain. The group, which is Europe's largest media empire after Germany's Bertelsmann, gave no hint at yesfuture floatatious. Fininvest SPA, the holding

L4.9bn against L29bn in 1990 and it was decided to reinvest the profit. Among the poorest performing

activities were the group's property interests which grew 5.5 cent reflecting the decline in the Italian market. The Standa chain also saw sales scarcely grow above inflation to L4,028b

The group's media activities have come under the scrutiny of the media ombudsman in Italy after newspaper editors and other television competitors claimed Mr Berlusconi was stifling competition and manipulating the

ruling to cap television advertis-

ian magnate, saw 1991 net profits fall 68 per cent to L61.3bn (\$54m). The sharp reduction reflected

Mondadori stripped out, sales growth fell to 14 per cent.

company, recorded net profits of business. The group predicted 1992 consolidated turnover could

advertising market. Mr Berlusconi is contesting a

Sun bid for Norwegian insurer fails

By Richard Lapper in Lordon

SUN ALLIANCE, the UK's biggest composite (life and general) insurer, has failed in its attempt to acquire Norway's fourth-largest life insurance company, Forenede.

The bid, which was launched in January through Sun's Danish subsidiary Codan, was seen as an important step in the UK insurer's strategy of expanding in the Scandinavian insurance market. However, the Copenhagenbased Codan, which is 71.5 per cent owned by Sun Alliance, noti-

terday that it was withdrawing its bid to acquire Forenede. The announcement removed any lingering hopes that the bid, which had valued Forenede at 272m (\$137.5m), could proceed, following last month's decision

fied the Oslo stock exchange yes-

by the Norwegian finance ministry to award a permit to acquire the company to Gjensidige Skadeforsikring, a rival Norwegian insurer. Gjensidige must complete the purchase of two thirds of Forenede by August 1 and wholly own the company by

It is understood that Codan will retain both its 10 per cent stake in Forenede and an option to purchase a further 11 per cent in the Norwegian company. Sun Alliance made no formal

announcement yesterday, argu-

ing that the matter had been

dealt with by Codan. It is understood, however, that although disappointed with the failure of the bid - which would have given Sun Alliance 10 per cent of the Norwegian market the group is continuing to investigate opportunities for

Sun Alliance's interest was signalled by an unsuccessful attempt to bid for the Danish state-owned life insurer, Statsanstalten for Livsforsikring, which was privatised in 1990. The group is optimistic about

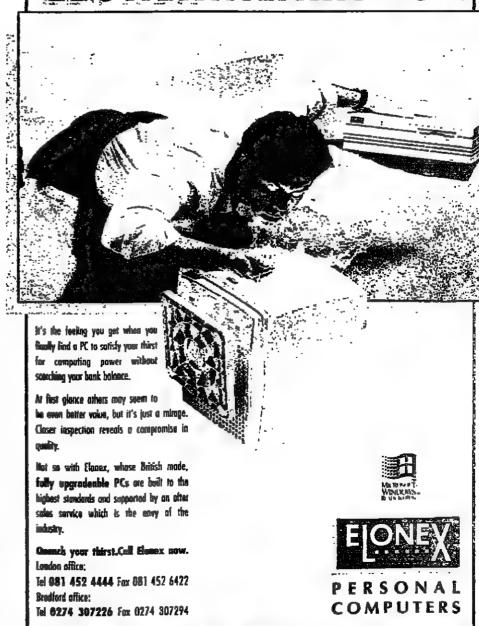
prospects for future growth in the Scandinavian savings State pensions schemes in the region have come under increas-

ing strain in recent years. Sun Alliance's overseas activities this year have mainly focused on the agreement of partnership deals.

In May, the group signed an agreement with the Swiss company, Helvetis, to develop jointly international commercial lines

In Scandinavia, Sun Alliance has less formal accords with Vesta Group in Norway and

ELONEXHILARATION



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advantage of falling share prices

to Increase its positions in some of its

Spanish industrial investments: This

would offset some of the damage being

done to its image as a long-term

investor in Spain by the collapse of its

An emergency meeting in Kuwait vesterday between the KIO

management and the Kuwaiti government, triggered by a growing

row in Spain over the Ercros crisis.

decided to appoint Peat Marwick to

investigate allegations of mismanagement in KIO's Spanish

empire and instructed KIO to seek

advice about how to "safeguard and develop Kuwaiti investments in Spain".

It also sought to protect Kuwait's

eputation as an international investor.

The meeting coincides with suggestions in Madrid that the KIO could increase its stake in the foods

group, Ebro, in which it already has a

40.2 per cent stake, and that it may be

reconsidering its decision not to help

rescue Ercros, whose holding company

and fertiliser operations filed for protection from creditors last week.

Peat Marwick is to report on its

findings by November.
While KIO battles to regain the

confidence of Spanish bankers and

ministers who are angry with its

refusal to pump fresh capital into

Ercros, the Kuwaiti agency is also being

arge chemicals affiliate, Ercros.

Marriott pays \$20m for leading Hungarian hotel

By Nicholas Denton in Budapest

MARRIOTT Corporation, the US hotels group, has topped bids by rival hotel groups Intercontinental and Ramada to win control of the Duna Intercontinental, one of Hungary's leading hotels.

Marriott will pay more than \$30m for the state shareholding in the hotel, a price which was influenced by the shortage of hotel space and prime sites for development in Budapest.

The Duna Intercontinental went to Marriott after three rounds of bidding described by the State Property Agency, the Hungarian privatisation authority, as a close battle.

The SPA admitted it would have been easier to sell the hotel to the Intercontinental group, whose bid was a close second. It already beld a franchise agreement with Hungarhotels, the Hungarian state hotel chain which operated the Dona Intercontinental.

But the agency said it had not managed to come to terms with Intercontinental on a valuation of the franchise con-

Moreover, the SPA feels that its decision dispels scepticism about its commitment to competitive bidding in substance

The transaction is the first

two-year drive to privatise Hungarhotels, Danubius and Pannonia, the three state-

owned hotel chains. With the revenues from the disposals of individual hotels, the authorities are trying to reduce the hotel groups' debts and make the pared-down chains more attractive candidates for privatisation.

The government plans this autumn to float Danubius and Pick Szeged, the meat and salami producer. These will be sold off through the stock market, reviving this form of priva-

Preference will be given to small domestic investors in both privatisation issues, planned structure bears strong parallels to the British

Under consideration, at least for the Pick public offering, are price discounts of about 10 per cent, deferred payment or bonus shares. Nevertheless, the agency said there would be plenty of shares left for international investors.

James Capel, the UK investment bank advising on both transactions, said Danubius would seek a listing on SEAQ International in London.

The advisers said they would try to place privately about 40 per cent of Pick, mainly in the US.

from January I.
Midland confirmed that Mr

Mr Lockhart has run the UK banking arm of Midland for two years. HSBC's decision that he should go came as a

Observer, Page 13

Hongkong Bank unveils shake-up at Midland

By David Barchard

HONGKONG and Shanghai Bank Corporation (HSBC) yesterday disclosed the first stage in its reorganisation of Midland Bank following last month's £3.7bn (\$7.06bn) takeover of the UK bank, with the appointment of a new deputy chief executive at Midland to work with Mr Brian Pearse. Midland chief executive.

At the same time, it confirmed that two top executives at Midland are stepping down from the Midland board prior to leaving the group.

Mr Keith Whitson, 49, a gen

eral manager of HSBC, has been made Midland deputy chief executive. Until last month, Mr Whitson had been executive director of HSBC's US subsidiary Marine Midland. At Marine Midland, he helped design and push

through cost-cutting and restructuring measures. Next Monday, Marine Midland will publish half-year figures which are expected to show that it has returned to profit compared with a loss of \$109.3m at the same point last

Mr Whitson previously served as HSBC chief executive in the UK from late 1987 after it purchased its 14.9 per cent stake in Midland. He succeeds Mr Brian Gold-

thorpe who takes up responsibility for group risk at HSBC

Gene Lockhart, chief executive of UK Banking, and Mr George Loudon, chief executive of Midland Montagu, are to leave the board when departure terms have been negotiated.

shock to Midland executives. Mr Loudon's departure reflects HSBC's plan to forge closer links between each bank's commercial and investment banking arms. Mr Bernard Asher, an HSBC director, is expected to become head of a combined merchant banking and international division.

THE Kuwait Investment Office advised by Salomon Brothers on what (KIO) may be poised to take to do with the rest of its portfolio in Spain, which includes Ebro, the Prima property group and the papermaker, Torras Panel.

KIO launches damage limitation exercise

KIO's management is understood to be keen to make good promises made to the government that it intended to stay in Spain, but worries over the way Ercros appears to have been abandoned to its fate have led to sharp falls in the prices of shares in Ebro and Prima in

Stock in Ebro, which KIO and its Spanish managers have built up into one of the world's leading producers of long-grained rice, was trading yesterday at Pta1,500, up strongly but still half their 1992 high, on remarks by Mr Pedro Solbes, the agriculture minister, that KIO officials had told him they might increase their position in the

Any further purchases by KiO might put the Kuwaitis into direct conflict with Mr Javier de la Rosa, KIO's former adviser in Spain who has built up a personal stake of about 20 per cent in Ebro this year.

But the most interesting prospect for KIO is Prima, whose shares have come under heavy selling pressure and are now quoted in Madrid at around Ptal 800 each, down from Pta3,950 in March. At one point in 1991, they were

trading at Pta7,890. In 1988, Grupo Torras, KIO's holding company in Spain, issued a £100m

Eurobond, redesmable at 125 per cent in August next year, that was originally convertible into Torras shares. In 1990, however, KIO bought Torras off the stock market and the convertibility of the bond was transferred to Prima and

a cash payment. By pushing Ercros into receivership, KIO may have triggered one of the default clauses in the bond. Ironically, if bond holders want it redeemed now instead of in 1938; KIO could save itself some £36m as it is redeemable this year at 102 per cent and it would also escape two coupon payments before a put

option becomes available next year. That saving could be used to buy more of Prima's stock. Analysts agree in Madrid that while Prima, like most property companies, is suffering from falling property prices, its office portfolio in Madrid and Barcelona remains one of the most attractive in

ast weekend, the KIO said it "would be happy" to redeem the bond if holders wanted it to. Salomon Brothers, the National Bank of Kuwait, Creditanstalt, the Swiss Banking Corporation, James Capel and a Monaco-based broker are understood to hold most of the bonds, either on their own accounts or for clients.

Even without a default on the bond which might unnecessarily damage KlO's international investment reputation - the Ercros crisis has

Peter Bruce reports on the Kuwaitis' efforts to rebuild their tarnished image in Spain significantly cheapened some of KIO's more attractive assets in Spain, opening

up an opportunity for it to demonstrate its commitment to the country. Nevertheless, Mr Ali Rashid al-Bader. KIO president, badly wants to be rid of Ercros, which owes \$15bn. In order to

do so without putting 10,500 Spaniards

out of work, he is pressing hard to find buyers for all of the Ercros divisions. Freeport MacMaRon, the US commodities group which earlier this year agreed to lead a joint venture into which Ercros would place its mining and fertiliser businesses, has a team working with Manufacturers Hanover bank in Madrid to find ways of taking full control of the divisions and of securing assistance from government in regions affected by Ercros plant

dosures. A number of European chemicals companies, most notably Hoechst, are said to be interested in taking over Erkimia, the Ercros chemicals division. in Catalonia.

While the Spanish regional administrations try to secure the Ercros jobs in their regions, both KIO and the Spanish government remain adamant they will not pump more money into the group. Following yesterday's meetings, Mr Al Bader may be forced to feed the group small amounts of money over the summer to prevent plants closing. If he is unable to find buyers, KIO faces the distasteful prospect of an ontright Ercros bankruptcy.

Brussels fines Parker Pen

By Andrew Hill in Brussels

PARKER PEN, the Britishbased company, has been fined Ecu700,000 (\$615,601) by the European Commission for trying to prevent its German distributor from exporting its pens to other EC countries. The German company, Herlitz, has been fined Ecu40,000 for its involvement in the ille-

The Commission said the deal - which was concluded in August 1986 - would clearly have obstructed the achievement of the single European market and was therefore "a

very serious infringement of EC law". The illegal agreement came to light after a Dutch importer of office furniture discovered it could not buy Parker products from Herlitz except where Parker had given its consent in writing.

Parker has managed to avoid a heavier fine by co-operating with Brussels. It has drawn up a programme for its EC subsidtaries, showing them how to comply with EC competition law. As a result, the Commission decided to fine Parker only on the basis of its German sales rather than taking into account EC-wide turnover.

Alcoa abandons joint venture with Alusuisse

By Kenneth Gooding,

THE plans of Aluminum Company of America (Alcoa) for substantial expansion in Europe were severely dented yesterday as it called off negotiations about a joint venture with Alusuisse-Lonza.

The companies had hoped to set up a joint venture which would have invested SFr300m (\$210m) to modernise and expand most of Alusuisse's aluminium operations in Switzer-

The aim was to expand their position in aluminium flatrolled products for the European automotive, industrial and aerospace markets, which are forecast to have high growth rates during the next

If the deal had gone through

Alcoa, the world's biggest aluminium group, would have immediately taken 60 per cent of Alusuisse's smelter, ingot casting operations and rolling facilities in the Canton of Valais. These produce hightechnology products with high added-value such as "superplastic" aluminium sheet for cars and a thick hard-alloy plate used in machinery manu-

However, Alcoa said yesterday that "in spite of intensive effort" the companies "were not able to establish a satisfactory basis for co-operation."

Neither company would give any details about what caused the talks to break down. An Alusuisse official said there were differences of opinion during negotiations, which started in November last

Gardini to buy drinks group decaffeinated coffee, and the

MR Raul Gardini, the Italian industrialist, is buying the Italian food and drinks group Nuova GIA in a transaction worth about \$300m, agencies report from Milan.

A spokesman said Mr Gardini was making the purchase through Garma, in which he holds 84 per cent, and Mr Giulio Malgara, the former European chief of The Quaker Oats Co. the remainder.

The GIA group controls the Levissima mineral water brand as well as coffee, biscuit and soft drink products. Its businesses generate an annual turnover of about L330bn.

GIA, which was closely held by the Berger family with minority stakes owned by the Sopaf investment bank of Jody Vender and the Luti group, owns 67.5 per cent of Crippa e Berger, which manufactures and distributes Caffe Hag, a

A to make a first think of the second

Levissima mineral water

The acquisition will lift the Gruppo Gardini's annual revenue in the foods and drinks sector to L2.330bn (\$2.06bn), Of this amount, the international Barry cacao products line accounts for L700bn and France's Vital-Sogeviandes meat products account for L1.300bn. -• ITALMOBILIARE, the key

holding of businessman Mr Giamptero Pesenti, said consolidated net profit in 1991 fell 7.8 per cent to L115.3bn from L125.1bn in the previous 12 months, AP-DJ reports from Milan. It operates in real estate and financial services, and controls leading cement group Ital-

Consolidated shareholders equity rese 16 per cent to L1,724bn from L1,484bn, Italmo-

biliare said in a statement following its board of directors meeting. The diversified holding said parent company netprofit for the year was L44.77bn, little changed from L44.82bn a year earlier. · FONDIARIA, which controls

insurer La Fondiaria, said a broad review of its operations would be completed by next September, Reuter reports from Florence. The group said that its insur-

ance activities were going through a consolidation phase and Fondiaria will continue to examine the sale of non-strategic assets. A 10-member panel is conducting the review of its business activities.

Italian press reports say that Fondiaria's controlling shareholders, Ferruzzi Finanziaria and Camillo De Benedetti were at odds over Fondiaria's expansion strategy.

All these Bonds having been sold, this announce ment appears as a matter of record only



KINGDOM OF DENMARK

DM 500,000,000 8 1/4 % Bonds 1992 (97)

WESTDEUTSCHE LANDESBANK GIROZENTRALE

COMMERZBANK AKTIENGESELLSCHAFT

ABN AMRO BANK

(DEUTSCHLAND) AG

DEUTSCHE BANK AKTIENGESELLSCHAFT

DRESDNER BANK AKTIENGESELLSCHAFT

BANK OF TOKYO (DEUTSCHLAND)

BANQUE BRUXELLES LAMBERT S.A.

BANQUE PARIBAS CAPITAL MARKETS

BREMER LANDESBANK

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DAIWA EUROPE (DEUTSCHLAND) GMBH DEN DANSKE BANK

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KREDIETBANK INTERNATIONAL GROUP

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NORDDEUTSCHE LANDESBANK

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NOMURA BANK DEUTSCHLAND) GMBH

GIROZENTRALE

NORINCHUKIN INTERNATIONAL PLC

SALOMON BROTHERS AG

(DEUTSCHLAND) AG

SCHWEIZERISCHE BANKGESELLSCHAFT SCHWEIZERISCHER BANKVEREIN (DEUTSCHLAND) AG

SOCIETE GENERALE . ELSÄSSISCHE BANK & CO

UNIBANK

VEREINS- UND WESTBANK AKTIENGESELLSCHAFT

YAMAICHI BANK (DEUTSCHLAND) GMBH All of these securities having been sold, this announcement appears as a matter of record only.



Global Combined Offering of 22,900,000 B Shares

8,000,000 B Shares

Offer Price: FF230 per B Share This portion of the Offering was offered in France by the unders

Crédit Lyonna Banque Nationale de Paris Caisse Nationale de Crédit Agricol Société Générale Caisse des Dépôts et Consignation Banque Indosuez Lazard Frères et Cie

Bear, Stéarns & Co. Inc.

Kidder, Peabody & Co.

PaincWebber Incorporated

Advest, Inc.

Crédit Commercial de France

Crédit du Nord J.P. Morgan et Cie S.A. Banque Worms Cie Financière du CIC et de L'Union Euro La Cie Financière Edmond de Rothschild-B Banque de Neuflize, Schlu sque du Phénix

7,500,000 B Shares Offer Price: FF230 per B Share This parties of the Offering roas affered outside France and

Credit Suisse First Boston France S.A. Lehman Brothers Inte Banque Nationale de Paris

S.G. Warburg France S.A. County NarWest Securities I in

Daiwa Europe Limited Deutsche Bank Akriengesell ABN Amro Bank N.V. Cazenove & Co.

Enskilda Securities, Skundinaviaka Enskilda Lisnited Goldman Sachs International Limited Mediobanca-Banca di Credito Finanziario S.P.A. Morgan Stanley International N M Rothschild & Sons Limited

S.C. Warburg Securities

Wood Gundy Corp.

Hanifen, imboff inc.

UBS Phillips & Drew Securities Limited 14,800,000 American Depositary Shares Representing 7,400,000 B Shares Offer Price: \$22.23 per American Depositary Share This portion of the Offering was affered in the United States by the undersi

Lazard Frères & Co.

The First Boston Corporati

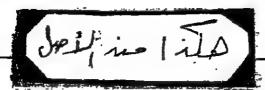
Merrill Lynch & Co.

Credit Lyonnais Securities (USA) Inc. Alex. Brown & Sons A.G. Edwards & Sons, Inc.

Dillon, Reed & Co. Inc. Howard, Weil, Labourse, Friedrichs Kemper Securities Group, Inc. J.P. Morgan Securities Inc. Oppenheimer & Co.; Inc. **RBC Dominion Securities Corporation** nith Barney, Harris Upham & Co. Société Générale

Wertheim Schroder & Co. Dean Witter Reynolds Inc. Arabold and S. Bleichroeder, Inc. Ladenburg, Thalmann & Co. Inc.

> Global Coordinators Banque Paribas Lehman Brothers International





Dividends

- St Helena 100 cents per share
- Greotylei 25 cents per stock unit.
- Buffelsfontein 100 cents per share
- Stilfontein and West Rand Cons pass their interim dividends

BRACKEN Mines Limited pany Registration No. 59/01125/05

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GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 JUNE 1992

All companies mentioned are incorporated in the Republic of South Africa

empany Registration			- 17	
nother good sued capital = 11 438		Ti catala eschi	41.2	
FINATING RESULT fined re milled sid ord produced forking revenue forking costs forking income old price received		Quarter encled 30.6, 1992 27 663 118 900 5.3 625 52 218 22 085 156,05 3 183 32 159 349	Ounter ended 31.3, 1992 - 28 135 177 000 5.2 506 28 597 751,54 3 908 12 433 300	6 strancher encied -30.6, 1682 255 000 5,3 1 245 32 361 26 842 152,80 3 519 32 296 264
NANCIAL REGISTO forking revenue ording coess- ording coess- ording income - ner indiv income - ner come before texation are of income vation and State's ah	and State's	20 136 16 178 1 958 1 808 143 3 723 418	20 184 17 720 2 424 1 926 80 4 272 1 183	40 390 35 900 4 382 3 836 223 7 985 7 801
come after texation sure of income pital expenditure vidend declared	and State's	3 305 1 545 2 280	3 000	8 294 2 572 2 800
	Black to Reef	cled	Ouerlar ended 13.1982 Kirr- bestoy Blac Reef Ree 1.391 51 783 27 11 12 18.4 18, 221 2.17	5 1 676 9 1 534 0 12 1 23.6

		ited)	
Better development v	alues		
in terms of an agreement, 18 percent mine is attributable to Buffelstonson	of the distributeble	s income from Beatrix Mines	the Best
	Ocerter	District	Yes
OPERATING NEBARTS	30.6.1982	31.3.1992	30,6,196
Mined (m²)	121 174	100 025	458 16
Ore milled (n)	815 000	#11 000	2 043 00
Gold produced	8,9 3 072	. 8,0 3,064	17.0
Worlding revenue	32 022	32 591	12 31 32 66
Working costs(R/kg)	22 408	. 22 468	22 40
Warting income	134,45 · 9 814	134,73 16 127	135,0
Working income (R/kg) Gold price received (R/kg)	32 027	32 RS2	32 66
(Slar)	347	360	35
PELANCIAL PESULIS (FYNN)			
Morting revenue	66 372 68 637	99 859	402 71
Working costs		68 845	275 00
Working Income	20 035	2 225	126 75
Stratity Income - net: Royalty payments - Beautic Mines Limited	2 400	2 220	
Bestrix Mines Limited	14 798	14 979	80 40
Income before taxation and			
State's share of Income	17 250 5 660	18 259 7 327	75 45
moons after texation and	0.000	1341	29 27
State's obere of knowns	11 578	10 832	46 17
	1945	2 320	8 97
Capital appropriation	7 900	4 000	25 00
DEVILOPMENT - Beatrix Reef			
Advanced(m)	8 403 2 253	6 188	24 54
Advenced on reel(m) Sempled(m)	2 253 2 181	2 167 2 172	9 44 9 54
Charinel width(cm)	51	53	8 54
Average value - gold	20,2	16,8	16,
· · · · · · · · · · · · · · · · · · ·	1 036	835	84
BENAIKS			
- Endmated capital expanditure for th	erimom xia txon o	-R45 million	
- Hedging profits of R2 862 000 from			

each. note shares of mos shares of mos shares of	All each.	
esch.	ri each.	
esch.	il each.	
to sensule some	al each.	
to sensule some	R1 sach.	
to sensule some	R1 each.	
PLACE PLANTED OF	R1 each.	
MICE SUBJES OF	Pid analy	
verter Qu	Risech. <i>Brior Emai</i> s	rine.
inded e	rded and	loti
	.1992 30.6.15 5.797 126 9	
B 000 25	0 000 669 0	000
		6.2 150
	2 558 32 3 0 569 30 6	376
	83.52 190	29
	1990 17	116
349		155
5 969 8 0 386 6	8 436 134 4 4 253 124 6	125
2 666	- 26	
		120
6 887	4 552 11 4	39
		S9
2 870	092 4 8	162
6 954		
		85
9 625	- 96	25
31,3,199	2 30.6.19	22
		der
2 982 40	1 5 499 7	758
	7 803 8	23
		168
8,4 3,1	6 25	2,8
1463. 62	3 1946 4	194
months - Pan		
	9 824 2 870 236 9 625 Chartes Red 29 406 29 414 29 112 1 839 52 2 8 1 8 1 8 1 8 1 8 1 8 1 8 1 8 1 8 1	9 824 8 735 18 5 2 870 2 872 4 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8

Gold Mining Company Limited

STILFONTEIN

M	ines	Lim	ritec	1	
Comp	any Ragist	ation No.	70/14457/	08	

River - AsE 1

Plant clean-up operations started

Consolidated Mines Limited

WEST RAND

Company Registration No. 01/01978/06

(A diversor of St. Halana Cold Mines Lit	vicina)		
Shaft sinking nearing co	mpletion		
OPERATING RESULTS One milled	Ouerter ended 30.6.1992 	Quarter ended \$1.3.1992 89,500	6 months ended 39.6.1992 156 500
Net income before texadon	296 90 330	426 63 790	721 174 120
REMARICS The subvertical vessilation shaft, which December quarter, has operated a development rock, whilst sinking of the The activettical main shaft, at 1 279,5 in this final depth, 25 Level elation sucavet.	vell in its ten mein aubshaft o metres below o	ipotary use continues. clar, is within	for holsting

Company Registration No. 59/01124/06			
Yield: improves			
Issued capital - 16 000 000 shares of 85	cents each.		
OPERATING RESULTS	Quarter ended 20.6.1992	Quarter ended 31.3.1992	9 months ended 30.6.1992
Mined (m²) Ore milled (n²) Yield (gr)	27 567 100 500	29 217 700 500 5.3	85 911 304 500 5.3
Working revenue	32 732 30 034	531 32 893 29 831	1 602 32 844 30 450
Working Income(R/k miles) Gold price received(R/kg)	165,86 2 568 32 012 348	157,61 3 062 32 599 362	180,20 2 384 32 382 357
FINANCIAL RESULTS (R'000)			
Working costs	18 108 16 448 221	17 458 15 840	52 616 48 487 324
Warking income	1 497 50 784	1 526 46 886	3 635 96 2 310
Income before texation and State's share of income	2 231 814	2 466 529	6 049 1 542
income after taxation and State's			
Capital expenditure	1 617 668	1 937 787 800	4 507 1 953 800
DEVELOPMENT - Kimberley Real			
Advanced on reef(m) Advanced on reef(m) Channel width(cm) Average value _ gold(cm,et)	1 307 336 329 61 17 1 040	7 091 274 270 72 13,6 975	3 398 925 902 72 14,1 7 014

4 751 2 244

12 453 6 488

begigtbautt transferrent unter Autematting				
Surface dump operation	downsi.	zed		
leaved capital - 13 062 920 shares of 50 o	erste each.			7
	Charter	Quarter	@months	1
OPERATING MEGULTS	anded . 30.6,1992	JIJ 1980	ended	ŀ
Mined		1 544	- 1 544	1
Ore milled - underground		7 000 	7 000	L
- total	420 000	672 000	#33 000	ľ
Yield - underground(a/t)		8,4	8.4	Ł
- surface dumps(g/l)	0,9	0,0	0,0	ı
Gold produced (97)	207	513	900	1
Working revenue (R/kg)	22 375	32 550	32 454	1
Working costs (R/kg)	32.97	41 101	38 814	1
	3 488	41,19 · 8 542	37,44 6 360	ŀ
Working lose (R/kg) Gold price received (R/kg)	· 32 281	24 477	32 376	ı
(\$'oz)	348	358	353	1
MNAMEDAL RESULTS (B'000)				1
Working revenue	12 508	16 702	29 200	1
Working costs	- 12 691	17 061 -	- 29 682	J.
Retrenchment costs	1 217	4 034	6 251 .	T.
Working loss. Sundry income – pet	1 342 1 019	4 382	5 724 1 983	ľ
DUINTY HEDRING - INC	1019	804	4 270.3	1

violang costal (Pyrg)	32.97	41.10	38 814
	3 488	8 542	6 360
Working tose (R/kg) Gold price received (R/kg)	· 32 281	32 47	32 376
(\$/oz)	348	358	353
PROCESS OF THE PROCES			
MINAMEDAL RESULTS (B'000)			
Working revenue	12 608	16 702	29 200
Working costs	12 631 1 217	17 061	29 882
		4-034	6 251
Working loss.	1 342 1 019	4 382	5 724
Sundry income – net	. 30	190	1 983 165
			100
State's chare of income	(353)	(3 5630	(3 906)
Testition and asset a deep of income	(ada)	/m manah	. 13 000/
Dividend received - Chermys	5 900		5 000
	. .		
State's share of income	4 847	2 652	1 084
Capital recommuni	743	7 067	1 800
Proposition of the second			
1 REMARKS			
The state of the s		D. Dell. 1	

REMARKS

Estimated cepital expenditure for the sest shr months - Nii.

Only tonings from the surface dumps was treated during this quarter.

Hedging profits of 1980 000 from the forward sale of 3 138 ounces of gold are included in working revenue. Contracts for 7 850 ounces are still operateding at an everage price of 1932 414 per kilogram.

Renabilitation of surface areas is in progress.

The surface dumps are now being treated at a rate of 125 000 tons per month. This results from reducing the treated size fraction to improve the recovery graties.

	Quarter ended	Cuerter ended	6 months ended
OPERATING RESULTS	30.6.1992	31.3.19 9 2	30.6. 1992
Mirad(m²)	18 132	32 182	50 314
Ore milled - underground	43 000	99 000 83 000	142 000 86 000
- surface dumps(t)	13 000 68 000	182 000	238 000
Yield - underground(Q!)	5.8	4.2	4.7
- aurisce dumps(p/t)	2.4	0.0	0.8
- combined(pt)	6,0	2,6	3,1
Gold produced (R/kg)	281	460 32 870	741
Working costs(P/kg)	31 932 54 214	40 185	32 390 45 505
Pot milled)	272.04	101,57	141.68
Working loss (R/kg)	22 282	7 515	13 115
Working loss (R/kg) Gold price received (R/kg)	31 930	32 615	32 355
	344	357	352
PHIANCIAL RESULTS (T'000)			
Working revenue.	8 973	15 028	24 001
Working posts	11 670	TB 486	36 166
Retrenchment costs	3 564	-	3 564
Working loss	6 261	3 467	9718
Sundry income – net	774 (110)	989 110	1 763
		(2 578)	(7.955)
Income (Iosa) before taxation	(6 377)	(2 3/8)	(7 830)
income/(loss) after taxation	(5 377)	(2 578)	(7 955)
Capital recoupment	42	15	57
DEVALOPMENT .			
Advancedfmi	76	786	872
Advanced on realm	40	863	603
Sempled(m) Chervool width(om)	43	303 71	236
Ferenage value - gold	14.4	a.s	9.7
tcn_oti	804	623	621
REMARKS			
 Estimated capital expenditure for the ne 			
 Underground mining operations have employees were retreached. 	peen substa	ndulty reduce	d and 1 294
- Hedging profits of R240 000 from the foliated in working revenue. Contracts on everage price of R32 414 per kilogram	for 6 235 oun	2 082 gunos ces are still ou	of gold are datanding at
Three independent parties have express the property. They are presently carrying	ed Interest in	melting an offi	er to acquire

Shaft project shelved		e A
WINKELHAA Mines Limited		

	Charac	Quarter	9 months	1
OPERATING RESULTS	30.6.1992	31,3,1992	ended 30.6.1992	1
Mined(m²)	117.020	105 1	327 990	П
Ore milled	479 000	450 QQQ	1 4 28 000	П
Yield(p/t) Gold produced(kg)	64	6,3	6.2	1
Gold produced	3 043	2 904	8 607)
Working revenue(R/kg)	32 171 26 848	32 69A	32 515 26 905	ı
Working costs(R/kg)	170.54	171.89	167, 10	П
Working income (P/ral	5 325	5 526	5 610	•
Working income(R/kg) Gold price received(R/kg)	32 014	32 576	20,300	1
(\$/o.2)	348	362	367	ı
FRANCIAL RESULTS (DVICO)				ı
Working revenue	97 897	94 943	286 361	F
Worlding coets	50 831	78 8 89	236 091	П
Retreachment costs	990		880	1
Working Income	16 206	10 048	49 4 10	ı
Sundry income - pet	1 914	2 976	13/947	1
Income before taxation and State's				1
share of Income Taxation and State's share of income	18 120	19 (121	53 357	1
	2 331	2 367	9 398	ı
become after tearifor and Blats's				1
shere of income	15 789	16 654	53 999	ı
Capital appropriation	(3 474)	16 087	44 250	1
Dividend declared	-	-	-	1
DEVID-OFMENT - Straturing New!				Ţ
Advanced	6 965	4916	15 698	ı
	120	937 884	3 180 3 186	1
Sampled(m) Change width(cm)	111	110	:14	1
Average value - cold(of)	12.8	18.3	13.7	1
Average value – gold(g/t)	1 678	1 681	1 965	ı
REMARKS				ı
 Estimated capital expanditure for the n 				1
 The feasibility study of the possibility of part of the ore reserve has been complete. 	deepaning No	6 Shaft to acc	egs tha lawer	
Akhough this will be more cost effective		!		ı
Attribugh this will be more cost anective		car snart, the S	PARTE PART	1

Although this will be more cost affective than a subvertical shaft, the project would not yield an acceptable rate of return at the present gold price and has been entired.

Low-cost methods of accepting some of the dasper reserves to maintain surrorst production levels are now being investigated.

Hedging profits of R2 846 000 from the forward sale of 24 806 ourses of gold are included in working revenue. Contracts for 82 880 ourses are still outstending at an average price of R32 414 per kilogram.

Capital appropriated includes a recoupress of R38,9 million from the sale of two

KINROSS			
Mines Limited			
Company Registration No. 63/06226/05			
-Steady, performançe			19 N. A.
bscod capital - 18 000 000 stock units	_	All the state of the state of	
National confirms — and once and supply firming a	Quarter	Quarter	9 months
CONTRACTOR DESIGNATION	entled	anded	ended
OPERATING RESULTS Mined(m²)	<i>30.6.1992</i> 104 595	31.3.1992 102 129	30.6.1982 309 582
Ore milled	475 000	170 000	1 416 000
Yield tg/t) Gold produced (ha)	6,5 3 090	3 005	8,4 9 097
Working revenue(RAa)	J2 295	32 840	32 518
Working costs(R/1g)	23 998	24 243	24 107
Working income(RAca)	1M, 12 8 297	155,00 8.397	154,87
Gold price received(R/kg)	32 387	32 527 264	32 458 358
PWANCIAL MESULTS (R'DOD)			
Working revenue	99 793	98 053	295 819
Working engs	74 155 25 638	72 849 25 234	76 521
Sundry income - not	4 134	4 235	12 594
Tribute and revelty payments - net	662	1 591	2 767
income before taxation and State's	50 000		
Share of income	29 220 8 378	27 878 8 416	86 348 26 201
freezes often traction and State's			4- 501
share of lecome	20 845	79 462	60 147
Capital e spenditure Dividend declared	8 772	8 997 20 700	26 632 20 700
DEVELOPMENT - Kimberley Real			
	4 639	4 622	14 108
Advanced on reef	1 202 1 152	1 400	3 952
Sampled(cm)	1 152	1 416	3 870 37
Average value – gold(g/t) – (cm.g/t)	16.5 67.2	24.2 833	19,6 724
REMARKS		-	744

BUFFELSFON	TEIN
Gold Mining Cor	
Communication No. 05/3303406	-·

Better underground yield			
Issued capital - 11 000 000 ordinary shares - 15 288 000 cumulative prei	of A1 each.	s of R1 each.	
	Quarter	Quarter	Year
OPERATING RESEARCE	anded	ended	anded
Gold	30.6.1902	31,3 1902 103 911	38.8.1992 411 518
Mined(m²)	94 808 490 000	470 000	1 847 000
- surface durnos(2)	80 000	67 000	2/13 000
Yeld - Lotte	510 000	. 997 000	2 100 000
Yheid — underground	7,2	8,4	6,6 1,1
- surface dumps(g/t/ - combined(g/t/	6.3	5.8	5.9
Gold produced(69)	3 198	3 100	12 369
Mortona reverbille(RAQ)	31.011	· 32 546 30 198	. 32 540
Working costs (R/kg)	30 174 189.21		1778.00
Hadden Income (R/kg)	1 737	2 347	2 201
Working Income	31 905	32 503	32 470
	348	300	367
Sotolismi			
Pulp treated	-	-	767 000 104
Pricing purish tells	-	-	0.14
field	_	-	4,14
HNANCIAL RESULTS (R*000)		•	
3old - Working ravesus	102 051	100 893	402 940 370 670
- Working costs	92 569 3 92T	93 618	5 Q17
- Retreachment costs	5 565	7 276	77 263
- Working income	8 303 483	(333)	
Uranium - Working Income/(loss)	2 983	1 267	(4 803) 12 284
Figure payments - net	1 356	1 351	4 887
reduce payments - Indiana and Emeric		1 4 5 7	
have of income	7 653 '	8 856	29 957
levelon and State's share of income	2 798	2 518	8 614
Share of income - Seatrly mine	1.333	1 143	4 962
neome after torotion and			40 405
itato's share of iscenie	6 198	7 483	5 040
apital expenditure	1 592	631	20 900
hyktenda doglared graferance shares	7 000	6.000	25 000
	2 000		
NEVELOPRESET - Vuel Reef & "C" Reef		3 500	14 860
dvenced	3701	378	1 480
dvanced on reef(m)	474	380	1 440
hannel width	109	84	.91
várace value			mp -2
- cold	22,8	15,3	78,∂ 1 701
(cm.g/t)	2 481	1 277	0.419
- urankee		_	33,25
THE PARTY OF THE P			

UNISEL			
Gold Mines Lir	nited	h	
Company Registration No. 72/10604/06			
Increased Jurgenshof p		1	
leaved capital - 28 000 000 shares of no-		Charter	9 months
CPERATURE RESULTS	Querter ended 20.5.7882 45.720	anded 31.3.1982 39.368	andad 30.6.1952
One milled 400 Visid 400 Gold produced 600 Gold produced 600 Gold Gold Gold Gold Gold Gold Gold Gold	209 000 6,2 1 290 32 002	1 289 32 556	684 000 8,4 3 732 32 405
Working create (R/kg) Warking knooms (R/kg) Gold price received (R/kg)	28 244 174,33 3 768 32 014 348	27 367 180,90 6 189 32 527 380	28 061 179,32 4 342 32 194 358
PROPERTY PERSONS		-	
Working rawnus	41 az	41 906 35 276	120 927 104 723
Worlding Income - net - net - Milling fee and royalty payments	1 9/7 525 1 816	6 (12) (12)	16 204 667 5 049
income before treation and time's share of income Treation and Great's share of income.	3 556	4 548 458	11 852 1 115
Income of the specifier and figure's share of training. Capital expenditure	3 122 2 056	3 753	10 737 8 477
	-	1 400	1 400
39.0.1	ded 992 31.	hineter erafeti 3.1982 - Africke Busin	
PEVELOPMENT Rept /	47 E.915	- 684	/ Rea/
Advanced on reef .(m) 395 Sampled (m) 420 Commel width (cm) 110	34 376 36 390 138 100	- 111 - 115 - 11	4 38
Average value - gold(g/t)	60.2 6.7 411 672	- 85 - 85	10.2
			- 1

On 15 July 1952 dividence were declared by eartiful of the abovementioned companies, payable to members registered at the close of business on 31 July 1992.

The dividence are declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in Sharling at the rate of exchange ruling on 38 August 1962, or the limit day the reflect on which a rate of exchange is available. Divisiond warrants will be posted on 11 September 1980. $|\eta\>$ the case of non-resident shareholders, investion of 15 persent will be deducted. The full conditions of payment may be inspected at an obtained from the registered office.

Development values represent actual results of sampling. No allowence has been upde for any adjustments which may be necessary when estimating are resources.

per: 0 J O Reas Manager: Adminis

Copies available from Lancius Offices

Transfer offices South Africa: Control Registrars Limited 154 Markel Street, Johannesburg 2001 (PO Box 4844, Johannesburg 2000)



Herjaturud and bend effice General Mining Budding I Holland Street Johannesburg 2001 (PO Box 51820, Marshallrown 2

Gencor (UK) Lumbed DO Ely Name London EC1N SUA

- Estimated capital expenditure for the next elemenths - R4,6 million.

- 534 employees were retrempted during the querier.

- Hodging profits of R2 983 000 from the foregrd sele of 26 000 outside of gold are included in working revenue. Contracts for S5 77 bunces are still outstanding at an evrage price of R32 44 per blogram.

- Final dividends No 70 of 900 casts per ordinary share and No 17 of R7 million in respect of the currentaine preference shares have been declared.

- A campalge of selective miling to improve the grade is now showing good results and will continue to be pursued.

- Esthested capital expanditure for the near six months - R3.5 million.

- Fellowing the development programme, stoping production in the Juspenshof ares has been increased to 20 000 tens per month.

- Hedging profits of R1 200 000 from the forward sale of 19 486 outces of gold are included in working revenue. Contracts for 26 180 outces are stilt outstanding at an average price of R32 414 per kilogram. 18 July 1983 All of these securities have been previously sold. This announcement appears as a matter of record only

7,250,000 Shares

The Emerging Markets Telecommunications Fund, Inc.

Common Stock

The New York Stock Exchange symbol is ETF

BEA Associates — Investment Adviser

International Offering

3,625,000 Shares

This portion of the underwriting was offered outside the United States.

Bear, Stearns International Limited **Merrill Lynch International Limited** Nomura International

> PaineWebber International S.G. Warburg Securities

James Capel & Co. Limited

Vestrust Securities Inc.

Swiss Bank Corporation

invertat International Inc.

InverMexico USA, Inc. NMB Postbank Groep

Credit Lyonnais Securities (USA) Inc.

Donaldson, Lufkin & Jenrette

Kidder, Peabody & Co.

Oppenheimer & Co., Inc.

S.G. Warburg Securities

Crowell, Weedon & Co.

Rauscher Pierce Refsnes, Inc.

D. A. Campbell Company, Inc.

J. J. B. Hilliard, W. L. Lyons, Inc.

Sanders Morris Mundy Inc.

Sutro & Co. Incorporated

Neuberger & Berman

Dain Bosworth

Quadrum SA

inverWorld, Ltd. OBSA International, Inc.

Nacional Financiera, S.N.C. Probursa International Inc.

United States Offering

ABN AMRO Bank N.V.

3,625,000 Shares

This portion of the underwriting was offered in the United States

Bear, Stearns & Co. Inc.

A.G. Edwards & Sons, Inc.

Nomura Securities International, Inc. PaineWebber Incorporated

J. C. Bradford & Co.

Alex. Brown & Sons

Deutsche Bank Capital Goldman, Sachs & Co.

Lazard Frères & Co.

Paribas Capital Markets Group

Morgan Stanley & Co.

Smith Barney, Harris Upham & Co. William Blair & Company

Amhold and S. Bleichroeder, Inc. Furman Selz Ladenburg, Thaimann & Co. Inc. Legg Mason Wood Walker Morgan Keegan & Company, Inc. Needham & Company, Inc.

Brean Murray, Foster Securities Inc.

Fahnestock & Co. Inc. Gruntal & Co., Incorporated Interstate/Johnson Lane

Union Bank of Switzerland

Landog Branet

Agent Bank

Sloate, Weisman, Murray & Company, Inc. Wedbush Morgan Securities

Bank of Greece

ECU 200,000,000

Floating Rate Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 15th October. 1992, has been fixed at 11.51563% per annum. The interest accruing for such three month period will be ECU 294.29 per ECU 10.000 and ECU 2.942.88 per ECU 100.000 Bearer Note, on 15th October, 1992, against presentation of Coursen No. 2

First Equity Corporation Josephthai Lyon & Ross June 1992

The Ohio Company

Dillon, Read & Co. Inc.

Kemper Securities Group, Inc.

Piper Jaffray Inc. Raymond James & Associates, Inc.

The Robinson-Humphrey Company, Inc. Stephens Inc. Tucker Anthony Wheat First Butcher & Singer The Chicago Corporation

> The Principal/Eppler, Guerin & Turner, Inc. Stifel, Nicolaus & Company

Balis & Zom, Inc.

First Southwest Company

U.S. \$300,000,000



Crédit Lyonnais

Subordinated Floating Rate Notes Due 2000

Interest Rate Interest Period

5% per annum 16th July 1992 19th January 1993

Interest Amount per U.S. \$10,000 Note due 19th January 1993

U.S. \$259.72

Credit Suisse First Boston Limited

Reference Agent

13th July, 1993

presentation of Coupon No. 2.

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INTERNATIONAL COMPANIES AND FINANCE

General Dynamics profits at \$65m

By Martin Dickson In New York

GENERAL Dynamics, the US defence contractor which is selling off peripheral businesses, yesterday reported second-quarter earnings of \$65m from continuing operations, up from \$33m in

the same period of last year. The 1991 figure excluded a \$140m gain from a tax adjustment, which pushed last year's income figure up to \$173m.

the first quarter of this year, and is in the process of sailing other businesses with combined turnover of some \$2bn.

It recently completed a tender offer in which it will spend \$957m to buy back shares from investors. The plan involves returning to shareholders the excess cash being generated by

the disposal programme. The company's results from continuing operations worked

The company sold its Cessna through to earnings of \$1.48 a business aircraft operations in share, compared with 77 cessis in 1991 without the tax gain. and \$4.06 with the gain. Sales in both periods totalled

\$1.6bn. Earnings from the busi-nesses up for sale, which are not included in continuing operations, totalled \$21m, compared with \$38m a year ago. However, the 1991 total included \$17m from the now-

sold Cessua. The company's tactical mili-

recorded operating earnings of \$49m, up from \$45m, while nuclear submarines made \$21m. compared with \$20m; armoured vehicles \$28m against \$25m; and space launch systems made a reduced loss of

\$7m, compared with \$25m. The figures were also beloed by the first-quarter retirement of \$350m in debt, with net interest outgoings of \$12m last this quarter.

US pulp and paper group breaks even for quarter

By Martin Dickson

GEORGIA-PACIFIC, the US forest products group, has reported break-even results for the second quarter, with a sharp drop in pulp and paper profits partly offset by a big rise in lumber income.

The company announced earlier this month that its results would be "slightly better than break-even" . This proved worse than analysts' expectations and produced a

drop in its share price.
The break-even figure. compared with net income of \$29m, or 34 cents a share, in the second quarter of last year when the company was helped by a \$29m after-tax gain on the le of forests. Sales for the latest quarter, at \$3bn, were unchanged from last year.

The building products side reported operating profits of \$163m, up from \$132m, while paper and pulp dropped from Mr Marshall Hahn,

chairman, said although pulp prices and demand had continued to improve, the company's communication papers, tissue and bleached board businesses continued to face excess capacity and depressed prices. Demand remained strong in container

For the six months, the company reported net income of \$5m, or 6 cents a share, on sales of \$5.88bn, against a net loss of \$44m, or 51 cents, year on sales of \$5.76bn.

Alcan's European venture called off

ALUMINUM Company of America's expansion plans in Europe were dented yesterday when it ended joint-venture talks with Alusuisse-Lonza.

The original intention was to invest SFr300m (\$219m) to modernise and expand most of Alusuisse's aluminium operations in Switzerland.

Sprint improves despite costs last year. Long-distance time \$178m, on revenues un from

SPRINT, the third-largest US long-distance telephone company, yesterday reported a 6 per cent increase in second-quarter net income. The improvement came despite a sharp drop in profits from its long-distance business because of new product marketing.
The company reported net

income of \$94m, or 43 cents a share, on revenues of \$2.28hn. compared with income of \$89m. or 41 cents, on sales of \$2.21bn, in the same period of last year However, its long-distance income totalled \$45m on revenues of \$1.38bn, down from

bought increased by 3.3 per

Mr William Esrey, chairman, blamed the profits decline on increased sales, marketing, and advertising expenses in the launch of three new products, aimed mainly at the residential and small business markets. Those products, in turn, reflect the intense competition

long-distance rivals, AT&T and Sprint's local telephone operations, which are shielded from full competition, reported a 7 per cent increase in operat-

ing income, from \$166m to

for market share between

Sprint and its larger

\$696m to \$743m. The company said access lines had grown at an annual rate of 3.5 per cent during 1992.

The company's other businesses produced operating income of \$16m on revenues of \$219m, up from \$15m on revenues of \$217m. For the first half, Sprint reported net income of \$230m,

or \$1.05 a share, up from \$173m, or 79 cents, in the first half of last year.

The 1992 figure was helped by an accounting change worth 17 cents a share. Excluding that, net income was up

12 per cent. Revenues totalle

TRW net result surges to \$60m

TRW, the US automotive, space and information services group, yesterday posted a 48 per cent improvement in second-quarter operating income to \$158m from \$106m.

The company was boosted by strong gains from its automotive operations offsetting declines from its space and defence business. Sales advanced 9 per cent in

the quarter to \$2.15bn from The company's net profits were muddled by special items in both years. Including onetime items, TRW had second-

93 cents a fully-diluted share, against \$24m, or 39 cents, a year earlier. In the 1992 quarter, after-tax

earnings were lifted by \$4m, or 7 cents, from the sale of an investment. A year earlier, the company took an after-tax charge of \$18m, or 29 cents, on the divestment of a European automotive truiness. Wall Street reacted enthusiastically to the results, mark-

ing TRW's shares \$1% higher to \$56% at mid-day. Mr Joseph Gorman, chair-man and chief executive, attributed the company's earnings improvement to cost-reduc-

air bag and steering systems. For the first half of 1992, TRW lifted net income to \$101m, or \$1.58, compared with \$59m. or 96 cents. Sales rose 7 per cent to \$4.19bn from

\$3.90bn while operating profits

advanced 35 per cent to \$295p from 219m TRW's automotive business brought in operating profits of \$88m on sales of \$1.21bn in the second quarter, compared with \$31m on sales of \$1.02bn a year

The space and defence seg-ment saw operating profits slide to \$55m from \$62m last year on sales which edged tions and higher sales volume 3 per cent lower to \$742m from

Weak prices hit Reynolds Metals

DESPITE record shipments, weak aluminium prices continued to depress earnings at Reynolds Metals, the secondlargest US shuminium group.

reported second-quarter net income of \$33.1m, or 56 cents per share, a 46 per cent drop from last year's \$61.4m, or \$1.04 Revenues in the quarter ended June 30 were \$1.49bn, compared with

\$1.52bn a year ago.
Shipments were a record.
393,400 metric tons, up 3.6 per cent from 379,700 last year.

Reynolds' efforts to cut costs elped contribute to earnings in spite of the poor prices, according to Mr Richard Holder, chairman

company and the industry were seeing strong order rates. However, prices remained weak because of continued worldwide oversupply due to recession in some countries, substantial new capacity in the

industry, and CIS exports.

Mr Holder said he expected producer inventories to continue to rise moderately and

for prices to remain weak through the summer. However, he believed prospects should improve in the autumn.

The company's shipments He said demand was up, par- have increased for cans, conticularly in the US, and the sumer and packaging products, residential building material and international fabricated products.

In the first half, net income was \$46.4m, or 78 cents per share, on revenues of \$2.82bn. compared with \$86.9m, or \$1.50. on revenues of \$2.89 last year Shipments in the first haif were 727,100 metric tons, up from 701,800 a year ago.

Dun & Bradstreet net increases to \$128.8m

By Karen Zagor

DUN & BRADSTREET, a leading US business information group, yesterday posted second-quarter net income of \$128.8m, or 72 cents a share, compared with \$119.1m, or 67

cents, a year ago.
The company has restated its
1991 results to reflect new
accounting standards and the recognition of revenue for software services.

Revenues eased slightly to \$1.16bn from \$1.17bn, reflecting the divestiture of the communications unit of the compa-ny's IMS International diviRevenue growth for Dun & Bradstreet's current portfolio of businesses rose about 3 per

cent in the quarter. For the first six months, the company had not income of \$227m, or \$1.27, against. \$217.5m, or \$1.22 a year earlier: Operating revenue slipped to \$2.27bn from \$2.29bn.

The company said it tex-pected growth for the year to exceed that of 1991, but did not exceed that of 1891, but do not expect to "get all the way to Dun & Bradstreet's long-term goals". It also expects second-half earnings per share to be stronger than in the first half in spite of the uncertain world-wide acceptance outlook. wide economic outlook.

Rise at American Home Products fails to please

AMERICAN Home Products, the US pharmaceutical group, yesterday turned in second-quarter net income of \$296.im. or 94 cents a share, up 12 per cent from the previous year's earnings of \$265.2m, or 84

Sales in the three months to June 30 rose 8 per cent to \$1.76bn from 1.62bn.

Although sales and earnings hit record second-quarter lev-els, the rate of growth slowed from the first quarter, and Wall Street was disappointed with the results.

American Home Products were \$1% lower at \$73 in active trad-

For the first half of 1992, the company's net income rose 14 per cent to \$702.4m, or \$2.23, from \$617.7m, or \$1.96. Sales grew 11 per cent to \$3.75bn from 3.38bn

Sales growth was led by the

company's pharmaceuticals operations, which saw secondquarter sales rise 12 per cent to \$1.04bn. Consumer healthcare sales

advanced 7 per cent to \$314.8m, while medical supplies and diagnostic products recorded sales of \$195.9m, up 2 per cent in the curates. At mid-session, shares in in the quarter.

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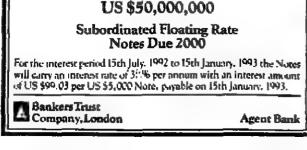
PAYMENT OF DIVIDEND

Stockholders are informed that the dividend is payable from July 16, 1992 on presentation of coupon no. 6 at the Company's registered offices or at the usual Financial Institutions, as indicated in the notice convening the Stockholders' meeting.

CONSOLIDATED FINANCIAL STATEMENTS The consolidated financial statements as of December 31. 1991 were available to the Stockholders present at the Ceneral Meeting and have also been lodged with the Stock

Exchange and the Committee of Stockbrokers, Copies are available, on request, from the Company's registered offices. for the Board of Directors

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INTERNATIONAL COMPANIES AND FINANCE

Revised warning at Cigna hits share price

By Nikki Talt in New York

CIGNA, one of the largest composite insurers in the US, warned yesterday that its second-quarter results would be below analysts' expecta-

It gave no specific reason, and made the announcement at the instigation of the New York Stock Exchange. Cigna shares fell by \$1% on Tuesday to \$55%, before trading was halted. When trading resumed yesterday morning, Cigna lost

another \$2% to \$53%.

Analysts had already been predicting a fall in earnings. year-on-year when Cigna reports figures for the quarter on August 3. Earnings per share were forecast, on average, to be around \$1.25, compared with \$1.38 in the same

period a year earlier.

Most pundits had expected a good performance from the life and health business, but warned that the propertycasualty operations would be hit by heavy catastrophe losses - including the impact of the Los Angeles riots, the London bombings, and weath-er-related claims in the US.

Cigna's mortgage loan port-folio is also seen as a problem area, with the US west coast property market continuing to

CAE settles US military contract suit

By Robert Gibbons

CAE Industries of Canada has settled for US\$55.9m a US\$231m action filed by the US government against its CAE-Link subsidiary.

CAE-Link will pay US\$22.5m. BiCoestal of the US is responsible for the balance. CAE Industries, the world's leading commercial flight sim-ulator builder, did not admit liability in the case. The US Department of Justice claimed CAE-Link, which specialises in military systems and training, overcharged the government on contracts carried out between 1983 and 1988, and

sought triple damages.

Link was owned by the forthe alleged offences. CAE Industries bought Link in August 1988 and, in November 1989, Singer filed for US Chapter 11 bankruptcy protection

CAE maintained it did not know of any pending lawsuits when it bought Link. The Justice Department, as part of the settlement, agreed CAE-Link did not admit linkil-

ity, legal fault or responsibility for the alleged offences.

• Senior creditors led by the Royal Bank of Canada, and owed about C\$1bm (US\$800m), have agreed to exchange debt for stock in a new company emerging from the restructur-ing of Central Capital, a fastgrowing financial services

Asset sales boost First American

By Alan Friedman in New York

FIRST AMERICAN Bankshares, the Washingtonbased bank that, according to the US Federal Reserve, was secretly and illegally controlled by the collapsed Bank of Credit and Commerce International (BCCI), announced a quarterly profit for the first time in two years.

The bank, which suffered heavy losses in 1991, said it achieved net profits of \$8.2m in the three months ended June 30. This compared with a \$59.3m loss a year ago.

The 1992 second-quarter results were boosted by \$10.1m of gains on the sale of First American assets in Georgia and \$7.4m of gains on the sale

Mr George Davis, named chief executive of First American last January, said plans for the sale of all the bank's assets were going ahead.

last Priday approved the bank's capital plan and its timetable for the asset sale. Total assets of First American, which in 1991 fell from

\$11bn to \$8.4bn, declined to \$6.5bo in the first six months of 1992. The decrease was attributed to the Georgia asset disposal. continued weak demand for

loans and a lower level of

The bank's total equity base, which shrank last year from \$711m to \$422m, declined to \$398.6m by the end of last month. Deposits, which fell from \$9bn to \$7.1bn, slumped to \$5.65m in the first half of

He said the Federal Reserve The bank attributed \$841.4m of the decrease to the sale of Georgia assets and the balance to the run-off of certificates of deposit. Non-performing assets were

> quarter, down from \$629m at the end of last year. The bank's trusteeship plan would implement a March 1991 Fed order that instructed BCCI to divest itself of shares in

First American held by Credit

\$585m at the end of the second

ings NV (CCAH), an offshore holding vehicle that featured several nominee shareholders described by the Fed last year as "front men" for BCCL

Controversy over First American has focused largely on state and federal investigations of Mr Clark Clifford and Mr Robert Altman, respectively the former chairman and president of the bank, who resigned last August,

Both have denied having known of BCCT's secret control of First American, although former BCGI officials have testified in the US Senate to the contrary. First American itself has not been accused of any

Cuts of GM

office staff start

GENERAL MOTORS said it would eliminate about 4,725

jobs in the reorganisation of its

Van Leer Packaging Worldwide

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Polaroid improves to \$35.5m

By Karen Zagor in New York

POLAROID, the US photography group, unveiled a 82.5 per cent improvement in second-quarter net income to \$35.5m from \$26.8m a year

Polaroid's 1991 results were distorted by a pre-tax gain of film which was partly offset by preferred dividend

payments of \$10.1m.
The company retired its preferred stock towards the end of 1991, so there were no preferred dividend payments in

the latest quarter.
Polaroid had primary earnings per share of 74 cents in the latest quarter against

Sales advanced 7 per cent to \$557.7m from \$521.4m. US sales grew 4 per cent to \$300.6m. while international sales rose 11 per cent to \$257.1m, due partly to a weaker US Mr. L. MacAllister Booth,

Polaroid's chairman and chief executive, has not changed the company's earnings projections for the full year. We still believe we can meet our 1992 financial goals and

deliver a level of profitability that approximates 1991's operating performance," he He added that the company was tightly managing expenditures because of the

worldwide economy. Polaroid will incur higher marketing expenses when it launches two new products later this year.

The company benefited from lower effective tax rate the latest quarter of 34 per cent, compared with 44 per cent the previous Polaroid said shipments of

all of its significant product

lines increased during the For the first half, Polaroid had net income of \$41.7m, or 86 cents, against \$43.2m, or 46 cents in the same period of 1991. Sales rose 3 per cent to

marketing, corporate communications and other corporate staff functions, Reuter reports. The company said the cuts were part of the 9,000 white collar jobs it had planned to

eliminate by the end of 1992. It added that the job cuts and other changes were the latest creation of GM's North American Operations (NAO), which now manages GM's North American vehicle and components operations.

GM plans to reduce its 13,500-employee central corpo-rate by 70 per cent or 9,450

Healthy sales help lift Motorola 23% to \$146m

By Martin Dicksonin New York

MOTOROLA, the electronics and semiconductor manufacturer, reported a 23 per cent rise in second-quarter net income, powered by strong sales increases in most of its product areas.

income of \$146m, or \$1.09 a share, compared with \$119m, or 90 cents, in the same period of last year. Sales rose from \$2.8bn to \$1.14bn. For the six months, the com-

pany reported net income of \$278m, or \$2.05 a share, compared with \$235m, or \$1.78, on sales which rose from \$5.56bn to \$6,200b.

products sales rose 21 per cent from the section increased.

growth, apart from Japan Orders rose most rapidly in the communications, distribution, personal computer/work-

per cent to \$821m, but operating profits were flat. Informa-The company reported net tion systems saw sales up to

Motorola's semiconductor The company said all sales regions saw strong order ately.

station and consumer markets. In communications businesses sales grew 11 per cent to \$972m and operating profits rose. General systems sales rose 11

\$160m and made a profit, against a loss a year ago.
The automotive and industrial electronics group lifted

sales 8 per cent but operating profits were lower. Motorola said it would be adopting during the fourth quarter a new accounting standard for post retiree

health benefits and this was of \$190m to \$300m, which would be recognised immedi-

Europe dents Maytag

MAYTAG, the US household appliance group, yesterday said deteriorating business in Europe offset improved North American sales and resulted in . a slightly lower operating net for its second quarter, Reuter

\$10m, or 6 cents for a plant

Maytag said results were

The group reported a net profit of \$23.3m, or 22 cents a share, compared with \$18.8m, or 18 cents, after a charge of

with year-ago net before the charge. Sales edged down to \$770m from \$778m a year ago. The company's North American appliance group had sales

of \$567.4m, against \$566.8m a year ago. But operating income of \$46.8m was off 10 per cent because of start-up costs for a new dishwasher plant and several new electric range models, and the cost of discontinuing operations at its previous dish-

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Beijing connection should prove to be just the ticket Cathay Pacific's share sale to Chinese companies underlines a growing trend, writes Simon Holberton

companies of a further rights which would allow it to 10 per cent of Cathay operate out of Hong Kong. Pacific underlines a growing CAAC is a very powerful cortrend in Hong Kong for owners poration in China, with impor-tant contacts in China's miliof business franchises to seek a mainland partner.

China National Aviation Corporation, a subsidiary of China Aviation Administration Cor-poration (CAAC), and China Travel Service each bought a 5 per cent stake in the airline from Hongkong and Shanghai Bank for nearly HK\$3.4bn US\$440m)

The deal was not about forging an all-China aviation and travel alliance, but about Cathay safeguarding its post-1997 future.

Although both companies approached Cathay about purchasing a stake in the airline, it was more than willing to act as go-between for them and Hongkong Bank. It was singularly well placed to do so as its chairman sits on the bank's In spite of the Swire group's

generally good relations with Beijing, Cathay - in which Swire Parific owns a 51.8 per cent interest — has had more than its fair share of problems with CAAC. CAAC resents Cathay's pre-eminent position in Hong Kong and would dearly love to have aviation tion. But Swire does have good connections in China, and Cathay has forged an alliance with Beijing-controlled Citic Pacific to run Dragonair - a small carrier plying the profitable China routes, in competi-tion with CAAC, and now

branching out to Thailand,

Vietnam, and southern Japan.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

US\$10bn directly in the colony.

That figure does not count its

exposure to the stock market

which, while unknown, is believed to be great. Next to

US and British investors, main-

land interest have been leading

players in taking the Hang

Seng index to above the 6,000

It is believed to be behind the difficulties the British and Hong Kong governments are having with China over the ratification of air service agreements with third countries.

However, as one senior Cathay executive noted this week, the company hoped that CAAC's 5 per cent holding would improve co-operation and communication between the two. "We hope that it will help CAAC to accept that a successful Cathay Pacific is in their interests," he said.

Cathay's post-1997 future is

underwritten by the Joint Declaration on Hong Kong which the UK and China signed in 1984. It provided for Hong Kong remaining a "centre of international and regional aviation" and said that airlines incorporated in Hong Kong may continue to operate" The company's fortunes

depend, therefore, on the way China having a direct commercial stake in the place. China manages Hong Kong after 1997 and the extent to That stake is large, and which it observes the letter growing. It has been estimated that the mainland has invested

increase substantially its

To many of the colony's lead-

ing businessmen there is no

better way of safeguarding

Hong Kong's future than by

World has focused on the otential for growth of the Pearl River delta. Mr Peter Woo, chairman

said that the company had nurchased a 99,000 sq ft site in central Guangzhou (Canton) for a joint venture residential and commercial development. The company is looking at a

number of other property developments across the Chinese border. Earnings per share increased

to 47.7 cents from 45.3 cents and the directors recommended a 17 per cent increase in the dividend nav-out to 24.5 cents per share. up from 21 cents.

Anglovaal advances

In spite of the colony's free-

wheeling image, many aspects

of its economy are tightly regu-

government which in five years' time will be part of the

Keeping on the right side of

government has therefore

lated by the government

People's Republic of China.

A Para problem of the second

ANGLOVAAL, the South African mining company, compound a rise in combined taxed profits for its four gold mines to R48.6m (\$15.4m) in the quarter ending June 30, compared with R42.3m in the

improved tonnages and grades at three of the four mines, as The group's gold production

rose to 10,408 kg from 10,190 kg. Loraine Gold Mines was the only mine to report a loss, which was the result of retrenchment costs of R4.8m. Hartebeestfontein was the only mine to pay tax.

added piquancy in Hong Kong. Many of the old British compa-Operators of Hong Kong's container terminal have seen it dent on the continuing goodin their interests to involve will of the Chinese authorities mainland partners in their Ever since Jardine Matheson

husiness. In April, Modern Terminals Limited, arranged for China Merchants to take a 15 per cent interest in the company at a cost of US\$175m. In 1989. Hutchison Whampoa sold China Resources a 10 per cent interest in Hougkong International Terminals for

HK\$1.32bn. Only the electricity and gas industries have been immune from this trend. Neither Hongkong Electric, which is controlled by Hutchison Whampos, nor China Light and Power (CLP), which is controlled by the Kadoorie family, have felt the need to involve China in a direct equity partici-

pation_ However, CLP has given China something it needs: technology transfer.

It was instrumental in build ing China's first commercial 1987, it acquired 12.5 per cent of Cathay Pacific, which it sold nuclear power plant with Electricite de France at Daya Bay, north-west of Hong Kong. It also supplies Guangdong with Citic Pacific is run by Mr electricity generated by its Larry Yung, the son of Citic's chairman Mr Rong Yiren -

World International improves

By Simon Davies Republic of Iceland in Hong Kong U.S. \$125,000,000

WORLD International, the Hong Kong holding company for the late Sir Yue-kong Pao's listed corporate empire, announced a 5 per cent increase in profits which 17th July, 1992 to 19th January, 1993 the following HK\$976.5m (US\$126.3m) after tax and

> to March 1992. This included only a nine-month contribution from 4 per cent-owned associate Wharf Holdings, the largest group company, which changed its accounting year-end from March to December. With an annualised contribution from Wharf, the parent company would have registered a 24 per cent rise in

minority interests for the year

Group earnings were boosted by a strong performance from Hongkong Realty and Trust, the property development company, which announced its profits had increased by 104

per cent to HK\$586m. Retailing contributions remained weak, with luxury store operator Lane Crawford showing only marginal growth, due to the impact of the Gulf war and to increased competition from Japanese department stores and other luxury boutiques in Hong

The outlook for World is positive for the current year. Growth is expected to come from the sale of its Parc Oasis property development and from an improving retail

property portfolio, and it will make a full-year contribution to R48.6m to earnings.

Cathay has forged an alliance with Citic Pacific to run

Dragonair, a small carrier plying the profitable China routes

preceding quarter, Reuter reports from Johannesburg. The rise was due to

well as cost-cutting measures.

Petrochemicals under pressure in South Korea

SOUTH Korea's petrochemical companies are seeing a contraction of their profits in spite of expanding capacity and a high level of exports, AP-DJ

nies in the colony are depen-

shocked Hong Kong in 1984 with its decision to move its

domicile to Bermuda, the large

and not so large of the colony's

businesses have sought refuge

from an uncertain future

through various ways, many

involving tie-ups with Beiting-

Part of the reason for the

Hongkong Bank's acquisition of Midland Bank was to diver-

sify its asset base away from

Hong Kong. Its headquarters

are now in London and its lead

regulator is there. Others have

had to make their accommods-

tions on the ground in Hong

In early 1990, Cable and

Wireless sold 20 per cent of

Hongkong Telecommunica-

tions - the colony's monopoly supplier of telecoms - to Bei-

jing-owned Citic Hong Kong. In

last year to its listed subsid-

iary, Citic Pacific.

for their survival.

controlled entities.

reports from Seoul. The Trade and Industry Ministry said Korean companies exported petrochemicals worth \$1.1bm in the first five months of this year, a rise of 82 per cent from \$605m for the same period in 1991. The ministry

hoped petrochemical exports would reach \$2.4bn in 1992. However, according to a preliminary study by Daewoo Securities, many companies, including Hanyang Chemicals and Lucky, were expected to report only small increases or a fall in earnings for the first

rise by about 10 per cent. Dongbu Chemicals was expected to report a loss, said Mr Lee Bong-shik, a manager at Daewoo Securities.

A supply glut has forced companies to cut prices of some products to half the previous year's levels.

To compete with low-cost south-east Asian producers, Korean companies have been shipping products at prices which cover only essential

Korean petrochemical companies ship 80 per cent of their exports to the south-east Asian region, where many petrochemical plants are under construction. But other south-east Asian countries are expected to restrain imports to protect their fledgling industries.

Notice to Holders Putable Capital Notes

Republic New York Corporation

Holders of the Putable Capital Notes, of Republic New York Corporation are hereby notified of the resignation of Bankers Trust Company, as Trustee under the Indenture, dated as of January 15, 1987, as supplemented and restated as of December 1, 1988, pursuant to which such Holders' Notes were issued and are outstanding.

Republic New York Corporation has appointed Citibank, N.A., as Successor Trustee under the Indenture, which appointment has been accepted and will become effective as of the opening of business on August 14, 1992 (the "Effective Date").

Holders are further notified of the resignation of Bankers Trust Company (New York City and London), Banque Indosuez Luxembourg (Luxembourg), Swiss Bank Corporation (Basle) and Banque Indosuez Belgique S.A. (Brussels) as paying agencies effective at the opening of business on the Effective Date. Republic New York Corporation has appointed Citibank, N.A. (New York City, London and Brussels). Citicorp Investment Bank (Luxembourg) S.A. (Luxembourg), and Citicorp Bank (Switzerland) (Zurich) as replacement paying agencies, which appointments have been accepted and will become effective at the opening of business on the Effective Date.

The Corporate Trust Office of Citibank, N.A. is located at 120 Wall Street, 13th Floor, New York, New York 10043, except that: (1) with respect to the (a) presentation of Registered Securities for payment. (b) presentation of Registered or Bearer Securities for registration of transfer and exchange for Registered Securities, (c) delivery of Capital Securities Election Forms and Put Election Forms with respect to Registered Securities, together with such Registered Securities, and (d) location of the Security Register, such office is located at 111 Wall Street, 5th Floor Securities Window, New York, New York 10043, Attention: Corporate Trust Services; and (2) with respect to the (a) presentation or surrender of Bearer Securities, coupons and talons for payment or exchange and (b) delivery of Capital Securities Election Forms and Put Election Forms with respect to Bearer Securities, together with such Bearer Securities, the agency offices are located at the following addresses:

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Citibank, N.A. Avenue de Tervueren, 249 B1150 Brussels Belgium

Citicorp Bank (Switzerland) 63, Bahnholstrasse CH8021 Zurich Switzerland

Republic New York Corporation

425 Fifth Avenue New York, New York 10018

NOTICE TO THE HOLDERS OF THE 1.000,000 CALL WARRANTS SGA SOCIETE GENERALE ACCEPTANCE N.V. ISSUED ON JUNE 3, 1991 TO ACQUIRE FRENCH FOOD COMPANIES BASKETS OF SHARES

BSN, PERNOD-RICARD, SAINT LOUIS AND SOURCE PERRIER Notice is hereby given pursuant to Condition 9 of the Terms and Conditions of the Warranta that the

following adjustments are 1st July 1992, as a result of the division of the nominal value of 1 share PERNOD-RICARD by 4.

The new definition of the basket, according to Condition 1 of the Terms and Conditions of the Warrants in adjusted as follows: Basket means a set of securities consisting of four

components being: 5 shares of Groupe BSN, 3 shares of SAINT LOUIS, 3 shares of SOURCE PERRIER (unchanged) and 12 shares of PERNOD-RICARD (In lieu of 3 shares).

The exercise of fifty warrants will entitle a warrantholder to purchase the new basket of chares herusbova dimenbad upon payment of the Denominated Amount of PRF 14.970 (unchanged)

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Notice is hereby given that the Plate of Interest has been fixed at 3.725% p.a. and that the Interest payable for the current interest Period 17th July, 1992 to 19th January, 1993 on the relevant interest Payment Date 19th January, 1993 in respect of U.S.S10,000 nominal of the notes will be U.S.S192.46.

Agent Bank Bank of America International Limited

REPOLA LTD (formerly in the name of United Paper Mills) US\$ 100,000,000 Floating Rate Notes Due 1995 Notice is hereby given that the Rate of Interest has been fixed at 3.6375% and that the interest payable on the relevant Interest Payment Date January 19, 1993 against Coupon No. 6 in respect of US\$100,000 nominal of the Notes will be US\$1,993.37.

By: Citibank, N.A. (Issuer Services), Agent Bank CITIBANCO



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INTERNATIONAL CAPITAL MARKETS

All eyes on Bundesbank as markets weaken OSE considers more curbs

and Patrick Harverson

EUROPEAN bond markets: seemed poised yesterday for a strong finish to the week if the Bundesbank decides not to raise Germany's key Lomberd rate at its council meeting today. The UK government bond market could be the biggest gainer, according to a broad range of economists and

GOVERNMENT BONDS

Yesterday, though, the hatches stayed firmly battened down as traders awaited this morning's Bundesbank council meeting, with gilts suffering another bad case of jitters. Other European bond markets remained in the doldrums, waiting for fears of a hike in the Lombard rate - or some other drastic tightening in monetary policy - to be dis-

Most observers by yesterday had largely ruled out the prospect of an immediate increase in the Lombard rate, the emergency funding rate for banks which is seen internationally as the key determinant of German monetary conditions. However, views remained

mixed on the authorities' likely stance on two other options: a rise in the 8 per cent discount rate, which sets the floor for money market rates, and a cut in the DM70bn quota for banks

crept up yesterday at the latest weekly repurchase tender, though this was put down to technical factors and strong bidding for funds rather than to any policy signal by the authorities. On Liffe, the bund futures contract edged down to 87.72 from 87.74 in a moderately busy day, as cash bunds also remained paralysed in a narrow range.

market, which had recovered some of its composure on Tuesday, slid again yesterday as traders positioned themselves for the worst from Germany. The short gilt contract on Liffe lost around % of a point to trade by the close at 89.77, a signal that the market expects the UK base rate to creep back above its current 10 per cent level. Longer-dated gilts also reflected the nerves, with the benchmark 9 per cent bonds due 2008 losing % of a point to finish at 1012, a yield of 8.85

FRENCH government bond been extremely weak.

prices also slipped as traders returned from the long Bastille Day holiday, shrugging off encouraging news that inflation had slowed to 0.1 per cent in June. Prices fell to match to sell bills at the discount losses in bunds this week. The sale tomorrow of FFrlibn-German money market rates FFr13bn of two and five-year notes (BTANs) also left the

> *US Treasury prices rose sharply yesterday in the wake of the first monthly decline in industrial production since February. In late trading, the bench-

market feeling bearish. The

benchmark 8.5 per cent OAT due 2002 slipped 0.15 of a point to a yield of 8.81 per cent, a

spread over bunds of around 80

mark 30-year government bond, which has recently lagged behind the short end, was I higher at 1042, yielding 7.626 per cant. The two-year note was also firmer, up % at 1011, yielding 4.209 per cent. Although the 0.3 per cent decline in industrial production and the 0.4 percentage point drop in capacity utilisa-tion in June matched market forecasts, the figures provided additional support for market sentiment because they confirmed what June's employment report suggested - that the economic recovery has

		Coupen	Red Date	Price	Change	Yield	Red ago	9 mail 190
ALLASTRALLA		10.000	10/02	197,7594	+0,418	1.23	8.73	9,7
BELGIUM		9.000	06/01	100.8500	+0.150	8.65	8.81	8.9
CANADA " '		8.500	04/02	104,6300	+0.500	7.62	7.76	8.1
SEMMARK.	•	9.000	11/00	99.2700	-0.130	9,11	6.00	9.0
FRANCE	BTAN OAT	8.500 8.500	03/97	97,5874 97.8100	-0.126 -0.150	9,13 8,81	8.97 8.72	0.0
GERMANY		B.000	01/02	99.7350	-0.645	8.03	7.95	7.9
TALY : ·		12.000	05/02	94,2500	-0.280	13.47†	13.28	13.3
	o 119 o 129	4.800 8.400	08/99 03/02	97.1445 106.5580	+0.050 -0,177	5.37 5.20	5.40 5.22	5.7 5.4
HETHERLAND	16	6.250	02/02	89,4400	-0.640	8.52	8.27	8.2
PAIN		11.300	01/02	97.1000	-0.530	11.79	11.60	11.6
ik qilts		10.000 9.750 9.000	11/96 98/02 15/08	102-19 104-15 101-09	-2/32 -6/32 8/32	9.25 9.05 8.86	9.14 9.05 8.84	9.1 9.1 9.0
JS TREASUR	Υ.	7.500 8.000	05/02 11/21	104-11 104-09	+ 20/32 + 23/32	6.88 7.63	6.68 7.61	7,2 7.8
CU (French	Gov0	8.500	03/02	96,6000	-0.100	9.03	8.90	9.0

Economists were quick to warn that production levels would remain sluggish in the coming months due to poor growth in factory orders and relatively high inventory lev-

Prices: US, UK in 32nds, others in de

In the credit markets, the Federal Reserve added reserves to the system through \$1.5hn in customer repurchase agreements in an attempt to counter the slight firmness of Fed funds, which were trading at 8% per cent, slightly higher than the Fed's target of 3% per

PROFIT-taking wiped out some of the recent gains in Japanese government bonds, despite an improvement in early trading in Tokyo. Data on industrial output (down 1.9 per cent in May) and bankrupt-cies (up 30 per cent in June) gave further evidence of eco-

nomic weakening. But the offi-cial line on the lack of need for a discount rate cut remained unchanged. The yield on the benchmark bond No 129, which opened at 5.19 per cent, fell to 5.15 per cent before climbing to 5.22 in late trade.

on stock index trading

الملذ ا منذ الملك

Sy Emiko Terazono in Tokyo

THE OSAKA Stock Exchange

(OSE) may be about to implement further controls on its Nikkel 225 stock futures, despite aigns of a shift in business to Singapore.

Mr Hiroshi Yamanouchi, president of the OSE, said yesterday that further restrictions on stock index trading could be imposed if there was evidence of volatility in the underlying cash market.

Futures and options - an area of trading in which foreign brokers have been notably successful - have been blamed by the Japanese financial authorities for distorting the cash market.

Official fingers have also been pointed at arbitrage trading - trading to take advantage of the price differences

cash markets - for exaggerating the falls in share prices.

Restrictions on trading in stock index futures, including shorter trading hours, higher margip requirements and commissions, and limits in price movements, have been implemented by the OSE six times during the past two

The average daily volume of conventional share trading on the Tokyo Stock Exchange was 263m for the first six months of 1992. This is 75 per cent down on the peak levels of 1988. There is no shortage of Japa-

nese brokers claiming that price fluctuation created by futures and arbitrage trading on the OSE are scaring inves-

tors away. restrictions is that the OSE is said

between the stock futures and beginning to lose business to the Singapore International Monetary Exchange (Simex), where the Nikkei 225 futures can also be traded. The tighter regulations have reduced liquidity and limited price movements on the OSE.

Average trading volume in the Osaka Nikkei 225 futures for the first six months of this year has fallen 42 per cent to 52,972 contracts. On Simex, trading has surged 4.8 times to 10.692 contracts.

An OSE official said the moves to regulate futures trading were experiments to see whether futures trading affected the cash market. "Since the cash market has not recovered despite the restrictions, many critics of futures and options trading seem to be One by-product of trading reviewing their arguments," he

Banco de Chile plans \$75m deal

By Simon London

BANCO de Chile, the country's largest private sector bank, is set to become the first Chilean borrower to tap the international bond market since the debt crisis of the 1970s.

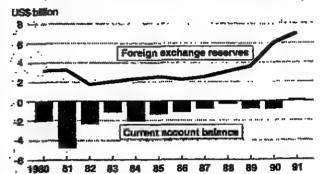
The bank is planning to raise a \$75m five-year funding next week from a Eurodollar bond issue lead-managed by Bankers Trust International

While borrowers from Mexico, Argentina, Brazil and Venezuela are now regular visitors to the international mar-ket, Chilean banks and companies have been able to raise funds at cheaper rates in their domestic markets.

Reform of the pension industry in the early 1980s encouraged the development of a liq-nid domestic debt market. Chile is one of only a few countries in the world where 20year corporate bonds are actively traded.

Bankers said yesterday that few Chilean banks would be able to raise international funds and on-lend to domestic companies at attractive rates. Banco de Chile will use the proceeds to finance dollar loans to companies in capital goods sectors

Pensions reform was part of



Chilean trade balance and reserves

a structural adjustment which included the privatisation of state industrial holdings and a reduction of Chile's external borrowings. Foreign debt stands at around 55 per cent of gross domestic product, down

from over 100 per cent in 1987. The government runs a small budget surplus, and the current account is in balance, despite several years of strong

economic growth Commercial bank loans to Chile trade at around 90 per cent of face value in the secondary market, against 50 per cent of face value for Argentina and under 40 per cent for

LIFFE EQUITY OPTIONS

Banco de Chile has assets of around \$4.5bn. As a leading commercial lender, its fortunes are linked to the fortunes of the Chilean economy. It is still tied to the aftermath of economic collapse in the late 1970s. Around 70 per cent of each year's profit is paid to the central bank, which took over the management of Banco de Chile's bad debt portfolio to

save it from liquidation. Bankers Trust expects to price the Banco de Chile bonds to yield around 2 per cent more than US Treasury paper of the same maturity, similar to the yield spread of benchmark

BASF launches \$200m issue aimed at retail investors

By Simon London

NERVOUS conditions in the international bond market ahead of today's Bundesbank council meeting kept most investors and potential issuers on the sidelines yesterday.

INTERNATIONAL BONDS

With most investment institutions waiting to see if the German authorities will tighten monetary conditions before committing funds, the only new issues were aimed at retail investors and denominated in North American cur-

BASF, the German chemicals and industrial group, launched a \$200m seven-year deal, leadmanaged by Deutschs Bank. The 7 per cent bonds were reoffered to investors at a fixed

price of par.
At this level the yield was 45 basis points more than US

Treasury paper. The pricing was seen as too tight by underwriting firms with a predominantly institu-tional client base. However, banks with strong retail placement into Germany and Switzerland, including the lead manager, reported no problems in selling the bonds.

BASF does not carry an official credit rating, but has been assigned an implied AA2 rating by Moody's Investors Service without its permission.

Goldman Sachs raised C\$150m - five-year funds through a deal which it leadmanaged. The 8% per cent bonds were also almed at retail investors and priced to yield a full I per cent more than Canadian government paper. The

MEW INTERMATIONAL BOND ISSUES

Borrower US DOLLARS	Amount m.	Coupon %	Price	Meturity	Pees	Book commer
BASF Europe NV(a)† Com.Fed.Da Elect dad(b)†	200 100	7 8	101.55 99.68	1999 1 99 7	1월/1월 월/월	Deutsche Baril. Citicorp Invest.
CANADIAN DOLLARS Goldman Sacha Gp.(a)†	150	81 ₈	101.40	1997	13/14	Goldman Scales Inti
BWISS FRANCS Bramer Landesbank(s)† - OKB(a)† .	78 80	7 ¹ 4 8	101 38 101	1996 1994	:	Credit Buisse SSC.

yield was seen as generous by participants and the bonds sold

- in line with the secondary

Comision Federal de Electricidad, Mexico's stateowned electricity distributor, launched a \$100m five-year issue lead-managed by Citicorp Investment Bank, Although the issue was the first by this borrower, the bonds were priced to yield 210 basis points more than US Treasury bonds

market yield of other Mexican state agency bonds.

Matsushita's \$1bn 10-year

global bond issue was priced to yield 41 basis points more than Treasury bonds, at the tighter end of an indicated 41-43 basis point range already considered tight by some bankers.

However, co-managers reported no problems in placing their relatively small allocations of bonds. Most said demand from Japanesa investors was stronger than anticipated, with European investors showing less appetite for registered, corporate bonds. The deal was the first global

bond issue by a corporation. Lehman Brothers, which joint lead-managed the transaction with Credit Suisse First Boston and therefore underwrote a larger slice of the deal, said it sold some large blocks of bonds to European institu-

MARKET STATISTICS

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Growth attributed to concentration on mainstream brands

Bulmer up 19% in buoyant cider market

By Richard Gourley

HP BULMER Holdings yesterday reported a 19 per cent increase in annual profits as cider continued to grow despite the decline in the UK drinks market as a whole.

Pre-tax profits for the 12 months to April 24 rose from £14.4m to £17.1m on sales up 5 per cent to £221.9m.

The results, coming on the day that the share offer for Taunton Cider closed, confirmed that the cider market is the one area of the UK drinks market that is still growing despite recession.

Mr John Rudgard, Bulmer's chief executive, said he welcomed the arrival of another quoted company and the amount that Taunton was contributing to the growth of the market.

19.96p and the final dividend is increased to 5.55p, giving a total of 9p. up 8 per cent.

The record profits and earnings were, however, a reflection of its strategy of focusing on Strongbow and Woodpecker, its mainstream cider brands which compete mainly with Taunton's Biackthorn and Autumn Gold brands for more than 85 per cent of the market.

"Taunton's strategy is very much about new brands," Mr Rudgard said. "Ours is very much to do with existing brands and bringing in new brands. During the year Bulmer

spent £13m on capital expendi-ture, compared with a depreciation charge of £5m. The company has spent £49m capital on capital expenditure over the last four years.
In particular, Mr Rudgard

Bulmer had invested expanded by 23 per cent to heavily in kegs and keg equipment to widen the availability of cider.

Bulmer claims a 33 per cent market share for Strongbow. which it said had grown 13 per cent over the last two years, and a 23 per cent market share for Woodpecker which it said was growing at 16 per cent.

By comparison, Bulmer said sales of Blackthorn and Autumn Gold were both fall-Mr Rudgard said that its pre-

mium Scrumpy Jack brand was also growing, albeit from a lower level than Diamond White, Taunton's mainstay. The contribution to sales

from Pectin fell due to the

worldwide recession with profits of £2.58m (£2.64m) on sales down 12 per cent at £14.5m. Profits in Australia rose by 18 per cent to £1.79m, enjoying the only significant part of that country's drinks market to



John Rudgard: welcomes Taunton's market debut

Proudfoot value drops 17.5% as shares change hands

By Angus Foster

THE MARKET value of Alexander Proudfoot, the USbased but UK-listed management consultant, dropped 17.5 per cent yesterday after a large block of shares changed hands below the market price and amid continuing uncertainty following a management shake-up.

The shares dropped 41p to 194p, their lowest since 1987, after 1.2m went through the market at 200p early yesterday.

BOARD MEETINGS

joint broker, was believed to have handled the transaction. Analysts have marked down profit forecasts for this year following a cautious trading statement issued late on Monday, when the company also announced the resignation of

tive officer. Mr Huhn sold nearly all his shares last year and at April 7 held only 50,000 shares via a

Mr Neil Hamilton, finance

Mr Thomas Huhn, chief execu-

Collins Stewart, the company's director, yesterday held a ing yesterday's price fall, the series of meetings with institutions. The company has been criticised for not telling the market sooner that trading

"I've been assuring institu-

tions that while things have

not improved in our markets,

was tough.

the company remains strongly cash positive," he The company held net cash of £21m at the end of last year,

enough to pay out nearly two vears of dividends. But followshares are yielding over 12 per

The shares have fallen ever since the preliminary results were announced, when they stood at 369p. Since then, former majority shareholder Invesco MIM sold its remaining

Mr Huhn's sudden departure has added to the market's confusion. An internal review of the company's strategy was completed late last week and made no mention of senior

executive changes. Following a private meeting on Monday with Lord Stevens, chairman of Proudfoot and Invesco MIM. Mr Huhn resigned without warning.

He is being replaced by a management committee of Mr Hamilton and three others, all based in the US.

Mr Hamilton said the new structure is similar to that used when the company was private, before it reversed into City and Foreign Holdings in

Cray Electronics set to take Dowty arm

Sering Tribune inv Trust, Cardiff General Consolidated Inv Trust, Home Loans, River & Mercantile FUTURE DAYES

Prozen Foods .. Co's Inv Trust er TelevisionTV

By Alan Cane CRAY Electronics, the high

technology group, is expected to emerge tomorrow as the successful bidder for the information technology interests of Dowty Group, now part of TL The Berkshire-based company, which is set to publish full-term figures tomorrow, confirmed yesterday that it would be making an important announcement at the same

TI said only that the company was still talking to prospective purchasers but that one set of negotiations was going particularly well". It is understood, however,

that the deal has been essentially sealed at a purchase price of £50m-£55m. TI acquired Dowty last month for £485m and made it

clear it was auxious to sell the information technology division quickly. Mr Christopher Lewinton.

Chairman's Statement 'OUR PROFIT PERFORMANCE

IS DERIVED BOTH FROM INCREASED TURNOVER

AND REDUCED OPERATING COSTS.

TURNING A LOSS OF £38.5M IN 1991 INTO A PROFIT

OF £13.9M IN 1992.

I BELIEVE WE CAN IMPROVE FURTHER DURING THE

CURRENT YEAR.?

JAMES HANN, CBE

At Scottish Nuclear it is our aim to

91-92

£13.9m

be the most efficient, radical and

forward looking nuclear generation

90-91

(£38.5m)

resolve before we can be satisfied with

PROFIT FROM SCOTTISH NUCLEAR ENERGY

only 3.2p per kilowatt hour.

& B is under consideration.

Nuclear energy.

are on target for the 1994 review.

Scottish Nuclear operating costs are

And our long term sales objectives

A significant contributor to this

position is the efficiency of Torness,

Britain's newest energy station.

Construction of an advanced nuclear

energy station to replace Hunterston A

success. This is clearly evident in the wav

everyone is benefiting from Scottish

Scottish Nuclear has the power for

So far so good; but the Company has a long way to go and many issues to

company in the UK.

89-90

(£189.9m)

chairman of TI, believes that made it clear he intends to Dowty's move into that business, chiefly through the purchase of Case Communications, was a costly error. The division last year made sales of £172m but failed to produce a

profit. Cray, a small company specialising in software, telecommunications and instrumentation, has returned to profitability under the guidance of new management led by Sir Peter Michaels, who has

expand the company rapidly by acquisition.

Last year it made an initial bid for SD-Scicon, the UK software house eventually acquired by EDS of the

Case Communications, which specialises in computer networking, was a rising star in UK electronics until it struck problems in the US and was acquired by Dowty in 1988 for about £80m.

Clarke Hooper in the red

By Angus Foster

CLARKE HOOPER, the troubled USM-traded sales promotion company, yesterday announced a pre-tax deficit of £3.45m for 1991-92 as trading losses due to the recession were compounded by exceptional losses from rationalisa-

The loss for the year to end-April compared with a £2.05m profit last time. Turnover fell 11 per cent to 244.5m as clients cut marketing budgets. Pressure on margins resulted in swing from operating profits of \$2.18m to losses of £880,000.

Interest charges increased to £315,000 (£131,000) as net borrowings rose to £3.97m (£2.66m). The company's bankers, Robert Fleming and Nat-West, commissioned a review of working capital require-ments and have renewed Clarke Hooper's facilities until June 1993.

The rationalisation programme led to exceptional items of £2.26m. The workforce has fallen from 381 to 209. Ms Sue Archer, group finance director, said no further cuts were planned.

Losses per share emerged at 12.9p (earnings 8.4p). No dividend is proposed - a 4.4p total was paid previously.

The sale in May of Schmidt-Cannon International, a US marketing company, for \$2m (£1m) led to an extraordinary

loss of £3.37m for goodwill pre-viously written off. Retained losses for the year totailed £6.05m (profit £601,000).

C and W in Russian joint venture

Cable and Wireless, the telecommunications group, yesterday announced the launch of a direct satellite service from St Petersburg.

The new company, Baltic Communications, is a joint venture in which C and W is the largest shareholder with a The other partners are the

San Francisco/Moscow Teleport of California and three of the main state telecommunications companies in St Petersburg.
The venture is St Peters-

burg's first fully digital satel-lite service and is designed to meet the needs of the business

Public fails | Talks spark 20p to take big swallow of Taunton

By Richard Gourlay

THE PUBLIC has subscribed for only 30.1 per cent of the shares on offer in Taunton Cider, making the west country drinks group the latest newly-floated company to fall to attract widespread support. Another 15.3 per cent of the 29.13m shares on offer to the public at 140p were taken up by sub-underwriters as part of offset arrangements to the 29m share institutional placing which was successfully

concluded last week.
While Taunton shares have failed to fire the public's atten-tion and may initially trade at a discount next week, the company has been relatively more successful than other recent companies to float.

The public took up only 23 per cent of The Telegraph Group's shares, 15 per cent of the shares in MFI, the furni-ture group, and only 6.4 per cent in Anglian, the doubleglazing group.

When Anglian began to trade vesterday the shares closed at 204p, a 6p discount to the issue price.

Kenwood Appliances, the first new company to float in the post-election rush, was only 1.2 times subscribed. It opened at a premium to the 285p offer price and is now trading at a small discount. Mr Michael Cottrell, Taun-

ton's chairman, said he was delighted with the strong institutional interest in the issue. An adviser said the support was satisfactory given the recent run of undersuberribed issues and the state of the markets and that the institutional interest was a positive sign for the aftermarket.

Etonbrook proxies urged to dissent

Mr Andrew Perioff yesterday urged shareholders in Etoubrook Properties not to sign proxies in support of a capital restructuring which will be put to the vote on August 7.

Mr Perioff, chairman of Mullitrust, a shareholder in Etonbrook, is fighting the board's plan for a capital restructur-ing which would enable the company to resume dividend payments. He said he would comment on the situation following further investigation of the report and accounts, which were published earlier this

rise in Templeton Galbraith shares

By Norma Cohen,

SHARES IN Templeton Galbraith and Hansberger, the Bermuda-based international fund management company, rose 20p to 309p yesterday following confirmation that it had been approached by various financial managers interested in "a business combination."

The company provided no details of the talks or of the suitors. However, it is understood that two US financial services companies are engaged in serious talks. Templeton's senior management, who control over 82 per cent of the voting shares, are said to be concerned about protecting the independence of its investment

A statement from the company said: "All of these [talks]

contemplate a continuation of independent operations by the Templeton group with normal service for clients and funds and the same investment per-sonnel, policies and methods."

Templeton is also said to be interested in forming a partnership with a larger firm which could give it access to greater distribution outlets. Sir John Templeton, the founder and chairman, will be 80 in the autumn and is said to be in

good health. Tempieton manages roughly \$19bn (£9.9bn) of funds, of which \$12bn is in the form of US-style mutual funds. An additional \$4.6bn are pension fund assets while closed and investment trusts account for \$2.4bn of assets. Its investment style has been to seek international equities with long-term growth prospects.

Scottish Nuclear in the black with £13.7m

Scottish Correspondent

SCOTTISH NUCLEAR, the state-owned company that operates Scotland's two nuclear power stations, moved into the black for the first time in 1992 with a net profit of

£13.7m. This compared with a loss of £32.5m in 1991 and was achieved in a year of increased output, tight cost control and lower inflation.

Turnover, representing sales from the Hunterston B power station in Ayrshire and Torness in East Lothian, rose 13 per cent to £477m.

Mr James Hann, chairman, said: "So far, so good; but the company has a long way to go and many issues to be resolved before we can be satisfied with our financial performance."

Mr Hann is engaged in a long-term campaign to improve the performance of the com-

pany, which was carved out of

the former South of Scotland Electricity Board in 1989, and to rehabilitate the image of nuclear power in the UK.
He said the cost of SNL's electricity was beginning to compare favourably with oil and coal-generated power. Company executives make no secret of their desire to see

profit of £68.7m (£52.2m) but had to allow £50.6m (£75.4m) to maintain the value of its £2bn provisions for de-commissioning the advanced gas-cooled

under certain circumstances

the company will be privatised

to be addressed."

but there are many issues still

SNL made an operating

reactor stations. Operating cost per unit of electricity was 3.21p before accounting for historic liabili-

ties. SNL does not benefit from the non-fossil fuel levy which is paid by electricity users in England and Wales. SNL supplies about 40 per

cent of Scotland's electricity through its sales to Scottish Power and Scottish Hydro-Electric. The load factor at Hunterston B declined from 79.1 per cent in 1990-91 to 66.4 per cent, partly because of mid-life maintenance work on one reactor. Torness's load factor rose from 38.6 per cent to 55.1 per cent because of improvements to its refuelling system.

In January SNL reached agreement in principle with British Nuclear Fuels on fixedprice fuel supply and reprocessing contracts worth £2.7bn over the next 15 years. It is also applying to build dry stores for spent fuel at Torness and Hunterston B which would SNL privatised. Mr Hann said: save £45m on fuel cycle costs, "I do believe that we are head-cutting 0.3p per unit from the ing towards a position where cost of generating electricity.

Hitch hits Walbrook rescue plan

A PROPOSAL to rescue Walbrook Insurance, a subsidiary of London United Investments which is in administration, has been referred to the US Securities and Exchange Commission following ques-tions over the procedures it

has followed. Walbrook stopped paying claims on May 29, two years after it ceased to write new business. It told leading policyholders in Chicago and London over the last few days that it had a balance sheet deficit of £170m.

The directors of the company are urging the policyholders to endorse a proposed informal scheme of arrangement which would leave the existing executives in charge and require large creditors to subscribe to redeemable preference shares equivalent to 60 per cent of the amount they are owed.

on oversight and investigations, wrote to Mr Richard Breeden, chairman of the SEC, on July 9 calling on him to examine the nature of the Walbrook offer.

He has asked whether the stock offering should be covered by the registration and disclosure requirements of Federal securities laws; whether the Walbrook directors can disclaim legal liability for the offering; and whether the SEC is examining the "propriety" of the offering. The letter follows correspon-

dence to the sub-committee from the receiver of Transit Casualty, a Missouri-based insurance company which went into receivership in 1985 and which is one of Walbrook's largest creditors.

Transit has been leading a

group of policyholders which amount they are owed. oppose the offer from Wal-However, Mr John Dingell, brook and would prefer to

chairman of the US House of place the company in provi-Representatives sub-committee sional liquidation.

It applied last mouth in the high court for a liquidation order, and its hearing has been postponed until early August.

Those opposing the plan are trying to avoid the slow-mov-

ing schemes of arrangement established for the so-called KELM group of companies to which many are also creditors and which are other subsidiaries of London United Invest-

The SEC refused to comment yesterday on whether it had launched an investigation. An official said that public offerings had to be registered with the SEC before they could be announced, but private place-

ments did not. Waibrook said yesterday that it had not been contacted by the SEC, but its lawyers were asking the commission to see whether it wants any information on the offer.

Waste Management advances by 51%

WASTE Management International, the UK quoted group, yesterday reported a 51 per cent increase in profits in its first reporting period after its \$405m global share offering in April. Pre-tax profits improved

from £41.5m to £62.7m on sales ahead some 30 per cent at Some 18 per cent of the sales growth came through organic

growth and the remainder through a number of acquisi-When Waste Management, the Chicago-based group, sold 20 per cent of its international operations in the share offering it said it would use the warchest to take advantage of opportunities arising from tightening environmental regulations in Europe and growth

Mr Edwin Falkman, chief executive of WMI, said yesterday that nothing had dampened enthusiasm about the opportunities and that the continuing recession in the UK had increased the potential possibilities as companies' tried to dispose of non-core

During the six month period, WMI bought Marvin, a storage handling and chemical waste treatment facility in Great Yarmouth; SPAT, in France, which will open operating landfill sights for the group; and agreed to build own and operate a waste-to-energy facility at Gutersloh, Germany.

Mr Falkman also said the group had also agreed a joint venture with Bimantara of Indonesia to build the country's first hazardous waste treatment plant.

Barnings per share emerged at 10.6p, up 36 per cent over the period.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	corres - ponding dividend	for .	Total
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Dividends shown pence	Der shar	net evo	nt where	othorwine	-

10n Increased capital, §USM stock.

S&P Return of Assets Trust

Net asset value per share of Save & Prosper Return of Assets Investment Trust stood at 278.5p at May 31 compared with 273p a year earlier. After treating warrants as exercised the figure amounted to 250.2p against 244.lp.

Pre-tax profits for the year amounted to £4.44m (£4.39m) and earnings per share 10.65p

Scottish Nuclear

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The FT proposes to publish this survey

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Data source: * European Business Readership Survey 1991

PUBLIC WORKS LOAN BOARD RATES

NEPTUNE MARITIME FUND Société d'Investissement à Capital Variable Registered Office: Luxembourg, 146, 8d de la Pétrusse L-2330 LUXEMBOURG

NOTICE TO SHAREHOLDERS

Shareholders are informed, in accordance with paragraph 4 of emicle 20 of the Articles of Incorporation, that the value of all outstanding shares having been less than \$5,000,000.- for more than 30 consecutive days, the Board of Directors has decided, pursuant to this 30 days prior notice to all holders of shares, to redeem on the next Valuation Date following the expiring of this notice period, all the shares not previously redeemed, at the net asset value per share applicable on such relevant Valuation Date, which shall be 17th

to SVENSKA SELECTION FUND, a Luxembourg SICAV registered as an undertaking for collective investments in transferable securities (UCITS) in Laxembourg, 146, Boulevard de la Pétrusse, L-2330 Luxembourg, in order to exchange the liquidation proceeds of the compaisory redemption of their shares of NEPTUNE MARITIME FUND without sales charge for a period antil 21 September 1992, into one of the several classes of shares of SVENSKA SELECTION FUND, as described in its current prospectus dated February, 1992, which may be obtained from its Transfer Agent, SVENSKA HANDELSBANKEN S.A., tel: (352) 49 98 111, (az: (352) 49 00 04.

COMPANY NEWS: UK

Net borrowings remain at three times shareholders' funds

Anglia Secure Homes

Anglia Homes losses exceed £5m

By Andrew Taylor, Construction Correspondent

BAD NEWS continues to surface from Britain's highly depressed housing sector. Yesterday, Anglia Secure

Homes, the retirement homes specialist, revealed that pre-tax losses had risen to £5.08m during the six months to end-

That compared with a loss of £4.22m last time. Turnover in the first half dropped from

Ellm to £6.57m.

That meant the group lost
77p for every £1 of sales. Losses per share rose from 12.8p to Mr Peter Edmondson, chairman, said that in the light of

continuing losses the group

would not be paying an interim dividend. Anglia last paid a dividend in respect of the 12 months to

Share price (pence) K00 ---400 **F** 300 ---200 ----1992

It has been hit hard by the collapse in demand for housing and particularly for retirement homes. Mr Edmondson said yesterday that the market remained appallingly weak. Commercial Union, the insurance group, rescued Anglia in April 1990 when it took a

12 per cent stake as part of a financial restructuring.

It also owns a 49 per cent stake in Haven Services -Anglia has the other 51 per cent - which provides management services for retirement homes for Anglia and other companies

share price tumble from a peak of 458p in March 1989 to 61/2p at yesterday's close - down 51/2p on the day - had been selling its stock of completed homes in a bid to reduce debts. These fell from £74.8m in

early 1989 to £30.1m at the end of March. Net borrowings. however, remained almost three times shareholders funds of £10.8m. The stock of unsold home

was reduced from more than 700 to 360 at the end of March. The group had reached the point where it needed to start building again - on just three sites - for the first time since

the beginning of 1990. Half year losses were struck after interest of £2m (£1.8m) including £700,000 from write off canitalised interest.

There was also an exceptional write-down against stock

Purchase helps Wyko contain downturn

By Paul Cheeseright, Midlands Correspondent

September 1989.

WYKO, the West Midlandsbased distributor and manufacturer of bearings-and power transmission components, saw pre-tax profits drop by nearly 10 per cent and acknowledged the fall would have been sharper but for the acquisition

of EW Bearings. Performance improved in the second half, enabling the group to announce profits of £1.38m for the year ended March 31

Beckenham

in loss and

seeks £2m

BECKENHAM GROUP, the

USM-traded engineer, yester-day called on shareholders for

£1.9m net via a rights issue

and also announced that it ran

up a loss for the six months to

- The proceeds of the cash call

would be used to continue the

restructuring, strengthen the balance sheet and provide addi-

Turnover for the half year

fell to £15.3m (£26.5m) and at

the pre-tax level the loss worked through at £771,000

compared with previous profits

Directors described . the

result as unsatisfactory but

said it was a "considerable improvement" over the preced-

ing six months' loss of £6.2m.
The half-year deficit included

a full provision of £164,000

against the effects of Olympia & York, one of its larger customers, being placed in administration together with reor-

ganisation and closure costs amounting to £386,000.

Further reorganisation costs would be incurred in the sec-

ond six months but the directors anticipated that reorganisation would be virtually

stantial" amount.

rights issue is of 35.51m shares on a 3-for-4 basis at 6p per share - in line with yester-

Williams Holdings, the international conglomerate, has

acquired the building compo-

nents division of Charles

Baynes, the Surrey-based spe-

cialist engineer, for £8.6m cash. The division, which com-

prises Ancon Stainless Steel Fixings, Ancon Couplers (MBT)

and Harris & Edgar, achieved combined turnover of £12.2m

and operating profits of £600,000 in the 1991 year. Net assets at completion will

Aberforth Split Level Trust

reported net assets values as of June 30 of 207.3p per unit share, 196.7p per capital share and 10.8p per income share.

Available revenue for the

period from May 14 1991 -

when the trust was admitted to

the main market - to end-June

amounted to £1.43m, equal to

earnings of 9.56p per income

Aberforth Split

pays forecast 9n

day's close, down %p.

Williams expands

components side

tional working capital.

end-April.

1993, compared with \$7.52m Turnover rose from £48.4m to

Earnings per share, on capi-tal enlarged by the share issue to finance last October's purchase of BW Bearings, were 2.37p, against 4.2p. However, the dividend, with

a final of 1.4p, is maintained at 2.8p after taking £238,000 from reserves

Mr Philip White, chairman and chief executive, justified the maintenance of the dividend as a reflection of future

A fourth interim of 3p brings

the total to the forecast 9p.

wound drainage applications.

made pre-tax profits of £1.3m from sales of £6.3m. Net assets.

including cash, were £3.5m.

Tomorrows Leisure

dips to £731,000

year to end-March.

In its last financial year it

HG Wallace

family owners.

NEWS DIGEST

trading prospects, and on the grounds that the balance sheet was strong - gearing fell over the year from 59 per cent to 24 per cent.

The acquisition of EW Bearings led to both expansion and rationalisation of Wyko's UK distribution network, which increased its operating profit while that of the UK manufacturing and international divisions declined. Group operating profit of £1.33m (£1.58m) would have been less than £950,000 without EW Bearings.

This year Wyko expected further benefits from the rationalisation of the UK distribution network although Mr White said "demand is patchy" and that "there are ebbs and flows in the recovery process."

Although he was "a little

more optimistic than pessimistic" about the immediate prospects, he noted that "it is prob-ably more realistic to accept that prevailing business circumstances were unlikely to improve significantly during 1992."

Kalon bid referral is urged

By David Owen

MR MICHAEL Heseltine, Smiths Inds buys president of the board of trade, was yesterday urged to refer Kalon's hostile all-paper bid for Smiths Industries is buying the Manders (Holdings), its Wolmedical devices manufacturer verhampton-based paint-mak-ing rival, to the Monopolies HG Wallace from the present and Mergers Commission in a Wallace makes disposable parliamentary early day plastic products for infusion, dialysis, incontinence and motion signed by 49 MPs.

Signatories included Ms Marjorie Mowlam, Labour's front bench spokeswoman on City affairs, Mr Richard Caborn, Labour chairman of the allparty select committee on trade and industry, and Mr Nicholas Budgen, Tory MP for Wolverhampton South West.

Noting that a takeover would give Kalon more than 70 per cent of the own-label paint market, the motion argues that a merger would "threaten a reduction in competition against the public interest." Kalon's objective is "to achieve an increased market

share of the paint market, and in the process cut 500 jobs from the workforce of a combined group," the motion states.

Improved rival offer for Pacific Horizon under discussion

By John Authors

JUPITER Tyndall Merlin, the fund management group, yesterday announced it was in discussions with an investment trust over the possibility of an offer being made for Pacific Horizon Investment Trust.

The announcement provoked another round of controversy in the long-running attempt to Last month, Jupiter Tyndali

blocked a bid by Martin Currie Pacific Trust for Pacific Horizon, whose funds it manages. The directors of Pacific Horlzon had unanimously recommended the Martin Currie bid. Jupiter Tyndall has also announced plans to restructure Pacific Horizon, Yesterday it said its discussions with the investment trust involved "an offer being made for the whole of the share capital and outstanding warrants in Pacific Horizon on terms which would be significantly better than those which were available under the offer from Martin Currie Pacific,"

The announcement provoked an angry response from the board of Pacific Horizon, which said it was extremely concerned that, "a proposal of this kind should be notified to it by way of public announcement and that the Jupiter Group did not notify the board of its discussions in advance".

It said it was not aware of the proposals' terms or of the identity of the offerer.

The directors also invited the offerer to come forward and make itself known to them.

Jupiter Tyndall is requisitioning an extraordinary meeting of Pacific Horizon to appoint new directors and con-sider restructuring proposals.

Pacific Horizon directors said they had written to Jupiter Tyndall requesting it to with draw its requisition until it was clear whether an offer had been made.

They said that it would be a "flagrant waste of Pacific Horizon's funds" to convene and hold a meeting while the possibility of a new offer

Underwriters top up in MFI share issue

By Maggie Urry

MFI FURNITURE Group's public offer of shares attracted 16,654 applications in total covering 60.3m shares - 44 per cent of the 137m shares available. The rest will be taken up

by sub-underwriters. However, sub-underwriters to the issue applied for 39.6m of the 60.3m shares, leaving retail applications covering 20.7m shares, worth £23.8m at the 115p offer price. There were 379 applications from employ-ees for a total of 432,000

Of the shares applied for by sub-underwriters, 25.2m can be offset against underwriting commitments and another 13.4m shares were in excess of their sub-underwriting commit-

Sub-uaderwriters receive their commissions when they offset shares applied for against their com

The numbers underline the recent trend of retail investors shunning public offers.

The institutions who bought stock through the placing of 410.2m shares also sub-underwrote the public offer in the same proportions.

Bankers said sub-underwriters would have known, given market conditions, that the offer would not be fully subscribed and so were sure of getting a proportion of their underwriting commitments.

They said that by applying for shares under the offset arrangements they showed a desire to be sure of getting stock. Those which applied for additional shares may have felt it would be difficult to buy a large number when dealings start on Friday, given that a fairly high proportion of the shares are in firm hands.

surged from £44,000 to £710,000, resulting from the investment of funds, previously released from an asset sale, into new and existing developments. Interest received fell from £778,000 to £29,000, and the pretax profit came to £731,000, against £860,000. Turnover rose from £4.4m to £7.5m. Earnings emerged at 6.5p (4.7p) and the dividend is lifted 10 per cent to 1.375p.

completed by October 31. Interest charges rose by 260,000 to £364,000, well down, Cost control helps however, on the preceding half Denmans rise 43% year's figure of £741,000.

As a result of disposals, bank borrowings at June 30 totalled Mainly as a result of stringent control of costs and working capital, Denmans Electrical £6.7m (£9.7m at October 3) 1991). Further disposals. lifted interior pre-tax profit by 43 per cent, from £574,000 to £823,000, together with the proceeds from the rights issue, should reduce indebtedness by a "sub-

However, directors of this USM-traded group stressed that results were becoming more seasonally biased, and Losses per share were 1.4p (earnings 1p) and the interim the percentage increase should not necessarily be expected to dividend is omitted - 0.5p was paid previously but the final be held over the full year. The fully underwritten

They reported that all sec-tions of the business were trad-ing profitably even though the results were affected by bad debt provisions "well above historic levels."

The group was developing its manufacturing and importing businesses and, consequently, lighting was becoming an increasingly important part of turnover.

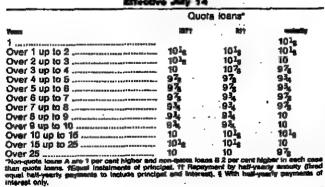
March 31 1992 sales rose to £18.9m (£17.8m). Interest charges were cut to £97,000 (£152,000). Earnings per share worked through at 12.7p (8.8p) and the interim dividend is raised from 1.65p to

Leslie Wise 12% ahead at £1.51m

ing conditions Leslie Wise, the textiles, women's clothing and knitted fabrics group, lifted profits from £1.35m to £1.51m pre-tax for the year to May 31. The near-12 per cent advance was scored from a 25 per cent rise in sales to £22.8m. Exports also rose by 25 per ceut. Mar-gins were maintained leading to a 22 per cent rise in operat-

ing profits to £1.65m. Earnings increased to 2.96p (2.7p) and the interim dividend is a same again 1.75p.





R.C. Luxembourg B 33.291

Shareholders are advised that they are entitled to send a written request

COMMODITIES AND AGRICULTURE

Copper surge takes prices to 18-month highs

By Kenneth Gooding, Mining Correspondent

COPPER PRICES yesterday continued to ignore widespread world economic gloom and surged above \$1.15 a lb (\$2,534 a tonne) on the London Metal Exchange, the highest levels for 18 months.

Many analysts had not expected to see copper, the most heavily-traded metal, reach \$1.15 until much later this year. Traders suggested substantial Asian buying set the trend early yesterday and then some big merchant houses followed suit. The price was also helped upwards by some short-covering (hasty buying to cover their positions by organisations that had sold metal they did not own in the expectation of lower prices in

There was some profit-taking later but the price did not dip very far and copper for deliv-ery in three months closed in London at \$2,545 a tonne, up \$30 from Tuesday's close.

While some analysts suggested that world economic conditions did not justify copper's recent price rise - it has at the begining of July - Mr Ted Arnold, analyst at Merrill Lynch, pointed out that copper supply and demand were finely balanced and demand was widely expected to increase

next year. He said that while copper demand in Japan was reflecting slowing economic growth there, the Chinese might well buy about 200,000 tonnes this year - "which would take up all the slack

from Japan".

Mr Arnold said: "Copper is more likely to go up [in price] than to drop sharply from now on". He predicted the price would reach \$1.20 a lb (\$2,645 a tonne) in the fourth quarter of 1992. However, he dismissed the idea that copper could reach \$1.50 a lb because such a

price was "crazy".

• Copper demand in Asia will continue to grow in the 1990s, especially in the newly industrialised economies of Southeast Asia, Mr Douglas C. Yearly, chairman of US producer Phelps Dodge Corporanar, reports Reuter from Tokye.

Timor Gap seismic work past mid-stage

By William Keeling in Jakarta

OIL COMPANIES working in the Timor Gap have completed more than half their seismic programme agreed earlier this year and the first exploration well is scheduled for Decem-

Officials of the Australia-Indonesia Joint Authority for the Timor Gap Zone of Co-operation say over 26,000 km (16,000 miles) of seismic work has been completed since 11 contract areas were designated between December 1991 and last February.

The contracts committed companies to six-year exploration programmes worth \$362m. under which they must complete 52,100 km of seismic work and dril! 45 exploration wells The Timor Gap is an offshore

area of about 60,000 sq km lia. A dispute between the two countries over rights to the area was resolved by a treaty of co-operation, which came into effect in February 1991. The first well is to be drilled by the Australian subsidiary of Marathon Oil, a US-based company. A Marathon official said on Tuesday that a tender for a drilling vessel would be placed soon and a further four wells were scheduled for next year.

Marathon is leading a consortium of Santos and Korea Petroleum in two contract areas and is committed to a \$76m programme to drill 12 wells and conduct 10,000 km of seismic work. Other companies holding a stake in the contract areas include Shell, BP. Phillips and Enterprise Oil.

The acreage agreements provide for production to be shared equally between the Joint Authority and the contractor, after recovery costs, up to the first 50,000 barrels. The governments of Indonesia and Australia are equal partners in the joint authority.

Industry officials say the unknown territory for oil exploration. Only one well has previously been drilled in the area, 14 years ago, which found some gas and indicated the presence of hydrocarbons but not in commercial quantities.

RTZ to cut holding in PNG gold venture

By Kenneth Gooding

RTZ CORPORATION, the world's biggest mining company, wants to reduce its financial exposure to the \$767m Lihir Island gold project in Papua New Guinea and is negotiating to sell part of its 80 per cent shareholding in the venture to its partner, Niugini Mining.

Libir is one of the world's biggest known gold deposits: there are 42.2m troy ounces of the precious metal in proven and possible reserves. Production is scheduled to start in 1995 at an annual rate of 620,000 ounces for the first five years, building to 900,000 ounces in year 12.

The PNG government wants technical negotiations completed before October 31 so RTZ must conclude any deal with Niugini before then. The partners expect the govern-ment to take a 20 per cent stake - in return for paying them for 20 per cent of the \$120m costs so far — which would leave RTZ with 64 per cent and Niugini 16 per cent. As RTZ wishes to retain con-

trol of the project and manage it, the UK group is unlikely to sell down to below 51 per cent. However, RTZ, while confirming that negotiations are going on, would yesterday give no

precise details.
Mr Geoff Loudon, chairman
of Niugini, said in London yesterday that his company had
retained the N.M. Rothschild bank to ensure that it had finance available "for all the shares" RTZ might sell.

If Niugini needed to sell any of its own shares as part of this process, perhaps via a rights issue, the number would be very small because the company's biggest share-holder, Battle Mountain Gold of the US, was not ready to commit more cash to Niugini but did not wish to see its present 60 per cent sharehold-ing fall below 50 per cent.

Lihir will be one of the lowest-cost gold mines with total costs of \$248.75 an ounce in the early years (including \$163 cash operating costs), said Mr Loudon. The feasibility study presented to the PNG government was based on a price of \$350 an ounce. Mr Loudon said it was still

hoped that the project would be expanded to increase annual gold output to 1.3m ounces by year 12 but this would double projected capital costs. At present, given the perceived political risks of operating in PNG, it would be extremely difficult to raise the finance for the bigger project.

COCCA - London FOX

Caribbeans fail to make sale on bananas with US

'Mixed signals' cause concern, writes Canute James

IN AN increasingly desperate battle to hold on to their preferential access to the European market, Caribbean banana producers have tried, but apparently failed, to recruit to their cause one pivotal player in international trade. In recent weeks the prime

ministers of several banana producing countries in the Caribbean have visited Washington, asking President George Bush and other key fig-ures in the Administration to throw their weight behind proposals which would continue protection for Caribbean bananas marketed in Europe. After the meetings several were left confused by what they said were "mixed signals" from the US administration. "At one level, the United States administration is aware of the problems we face with bananas, and is sympathetic to the fact that we face potentially serious damage from free trade in the fruit," said Mr P.J.

Patterson, Jamaica's prime minister. "At another level in the administration, however, there is a move to have bananas brought under the Gatt and be freely traded." The division is between the White House on the one hand, and the Office of the Trade Representative and the State

Department, on the other. While Mr Patterson declined to elaborate on which was the "sympathetic" part of the administration, Dame Eugenia Charles, the prime minister of Bush is sympathetic, but Mr James Baker, the secretary of state, is adamant that there should be no exemptions, Dame Engenia said. The argument is that if there is an exception for bananas, then there will have to be for rice, for dairy products and all other farm products. The United States is dead against us on

The African, Caribbean and Pacific (ACP) group, which supplies one-fifth of the bananas consumed in the European Community, had been worried by the proposals made in the text of the Gatt negotiations that trading con-ditions for current export volumes be maintained for all sources until 1999. Anything above this would be subject to tariffication, with tariffs being reduced progressively by an average of 36 per cent between

The banana producers are hoping for relief from three sources. One is the undertak-ing, "the legal commitment," says Mr Patterson, of the EC to ensure that changes in the marketing of bananas will not leave the ACP states "in a less favourable situation than in the past or at present". The second is the proposal by the European Commission earlier this year to impose quotas on fruit from non-ACP sources, mainly the Latin American countries whose fruit is more competitive than that of the ACP exporters.

the ACP producers would have been US support for the use of quotas rather than tariffs. Officials in the Caribbean say the White House, preoccupied with an election, will hardly be in a position to redirect those parts of the government that are unwilling to consider bananas as a special case. Yet, they say, US support is important if there is to be any success with efforts for a derogation to the rules of international trade.

"There is also the fact that US companies are heavily involved in banana production in the Latin American countries," explained one St Lucian official. "It is unlikely that the US position will be one which will ignore the desires of those companies, and the Latin American governments, to open up the market." Caribbean bananas, which

cost about 30 per cent more to produce than do Latin American fruit, could not compete or an open market. "The Latin American producers have vir-tually declared war on us." said Mr John Compton, the prime minister of St Lucia. They are trying to drive us out of the European market.". Regional diplomats say that some leaders who met President Bush early last month in-Washington to seek his support for the use of quotas rather than tariffs on bananas,

politically sensitive." were more than slightly taken "We cannot move the United aback when the discussion turned quickly to other matters, mainly developments in Haiti and the repatriation of



Dominica's economy is 60 per cent dependent on bananas

Haitians seeking asylum in the US. "This reflects the distrac-tion of the White House in an election year," explained one envoy. There is nothing much to be gained by the White House, and perhaps something to be lost, by publicly agreeing to support the Caribbean requests and overriding the clear wishes of the companies involved in the Latin American industry. Haiti is much more

States on this issue, although they themselves treat agricul-

case, and they subsidise their own very heavily," said Dame Eugenia. There appears to be no consideration that US agriculture is as important to the US economy as bananas are important to ours." Dominica's economy is 60 per cent depen-dent on banana exports.

US officials have refused to comment on claims that the US government has written to London suggesting that Britain reviews and changes its posi-tion in support of quotas for European banana imports as from next year when a single

Ecuador's bonanza threatened by EC action

At a time of rising production, European sales are at risk, reports Sarita Kendall

bonanza, which brought bonanza, wasan year, is in US\$715m last year, is threatened by mounting production and the European Community measures to limit Latin American access to the European market.

Despite growing competition from countries with lower transport costs, such as Colombia and, more recently, Venezuela and Mexico, Ecuador more than doubled exports to Germany last year, but producers are extremely worried

about future European sales. "These countries sell us free market policies but don't apply this themselves. We're disman-tling our tariffs while they are exports went to Germany, Belbeing protectionist," said economist Mr Luis Luna, under-secretary for foreign trade. So far, Germany, which has

a higher banana consumption level than most other European countries and also provides a channel to the east European countries, has not charged levies on banana

Tariffs and quotas to protect more expensive bananas produced in the former African, Caribbean and Pacific colonies of EC members, would bring "a significant reduction in Ecuadorian exports – the price in Germany would rise and demand would drop. It's not just a question of helping us, the producer, it's the banana consumers, too," explained Mr Nearly one-third of Ecua-

gium, Italy and Greece in 1991. Sales to eastern Europe have declined - Yugoslavia was an important market - while there is little prospect of compensating for the drop in earn-

1347/1342

7095/7000

to other parts of the world. Apart from the EC issue, Ecuador faces the problems of growing international supply and overblown domestic production. The increase in world demand in 1990 and 1991 pushed up prices and encouraged new plantations, which are now coming into production. Although the National Banana Programme (PNB)
only gives new growing permits to producers with export
contracts and adequate technical back-up (including disease control), over 30,000 Hectares (75,000 acres) of unauthorised plantations have sprung up in

Even the bigger, more modern plantations are not as productive as Costa Rica's banana farms. But overall, production -costs are lower and Ecuador is

addition to the 105,000 ha regis-

tered under the programme.

AM Official Kerb close Open Interes

1391-1.5 1344.5-5

Total daily turnover 14,781 lots

Total daily turnover 41,464 lots

Total daily turnover 6,264 lots

Total daily turnover 3.941 lots

6990-7000 10,848 fots

172,370 lots

131,019 lots

26,340 Jule

25,157 lots

ings from the EC with exports well away from the hurricane zone. Sigatoka disease, which has spread southwards from Esmeraldas to the main growing areas of Guayas, Los Rios and El Oro, is a greater threat then climate. Producers are critical of offi-

> cial efforts to control sigatoka, and this is one of the main reasons behind the banana lobby's move to privatise the PNB. As the programme is largely financed by contribu-tions from the producers, the government has had to listen. if unenthusiastically. The new government, led by Mr Sixto Duran, due to take over on August 10, is more likely to be responsive to the private sector's proposal.

Exporters are also pressing for a reduction in the export reference price, currently set at US\$4.50 a 43 lb box. Although demand was strong at the

rose to US\$287m in the first four months, exporting companies are now feeling the foreign competition. Ecuador sends some 44 per cent of its bananas to the US - other Latin American producers are also better located for this market. On the other hand, Ecuador has good access to New Zealand, Korea and Japan which, taken together, account for over 10 per cent of exports.

The Ecuadorian government
has taken the EC quota problem to the Gatt (although it is not yet a member) and is co-ordinating marketing policy with other "dollar area"

beginning of the year and sales

Both the trade ministry and president-elect Duran have mentioned the possibility of retaliatory trade measures if EC countries insist on applying restrictions from January 1963.

> 装件 CA

WORLD COMMODITIES PRICES

m, 89.7% purity (5 per tonne

1291-2

1310-1 1326.5-7

MARKET REPORT COFFEE prices recovered some of their recent losses at the

London Futures and Options Exchange, but traders said activity remained sluggish in the absence of fundamental news. The September robustas position's \$13 rise to \$772 was on the back of New York", one explained. Dealers said the potential for further advances was limited because several producing countries were looking to sell at \$10 to \$20 above present levels. The COCOA market also reversed its downtrend, with the September position finishing at £597 a tonne, up £3 on the day, about in the middle of the

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -	Oct	217.00	218 80	216.30 215 60
Dubni	\$18.30-8.35v	+0.1	Dec	203 00 208,40	201 80 206,20	201.20 205.40
Brent Blend (dated)	\$19 95-20 00		Willia	Cicom	Previous	
Brent Stend (Sep)	\$20,15-20,20	+ 06				Highitow
W.T.I (I pm ent)	\$21,46-1 50y	+01	Aug	209 80	297.60	299.00 296.50
OB preducts			Ort	265.70	269.60 267.60	270.50 267 80 267 50 267 00
(NWE prompt delivery per to	onne CIF)	+ ar -	Mar	363 ao	269.60	270 00 267 80
			Aug	276 40	276.90	276 70
Premium Gasoline Gas Oil	\$222-325 \$183-184	+ 1.5 -2	Oct	387 50	268 90	267.50
Heavy Fuel Oil	\$83-85	-6	Turnove	Raw 42	6 (529) lab	of 50 tonnes.
Naphibe	\$797-199	+2				tite (FFr per tonn
Petroleum Argus Estimates			Aug 148	7,02 Oct 1	1356.10	
Comm		+ 97 -	CHUDE	OIL + 17	-	Subar
Gold (per tray ozi-	20 6	+1.3	-	Close		
Sliver (per troy oz)	3075.0c	+1				
Platinum (per troy oz)	5306.5	625	Aug	20.21	20 07	20.24 19.92
Palladium (per troy oz)	588.25	-0.4	Sep	20 29 20.28		20.31 19.97 20.28 20.00
			Oct Nov	20.26	20.06	29.13 20.00
Capper (US Producer)	1183 c	+1.17	Doc	20.20	19 97	20 06 19 94
Lead (US Producer)	37 Oc		Jan	19 04	19.80	19.95
Tin (Kuala Lumpur market)	323.0e	+0.00	IPE Inde	20 07	19.93	20 07
Tim (New York) Zinc (US Prime Western)	52.0c	+3	Tuesdania	31994 (2	7074)	
ZIE (US Primo Wostern)	30.30		-	_	7610)	\$/tor
Catife (live weight)	10 0 ,14p	+ 1.00*	AAS DO			SAIN
Shoop (live weight)	75.27p	-2.97		Citzson	Previous	High/Low
Pigs (live weight)?	88 445	•	Aug	104.25	185.00	184,75 183,75
London delly sugar (raw)	\$265.0w	+4	Sep	189.00	187 00	186.50 195.75
Landon daily suger (white)	\$256.Cm	+4	Oct	188.50	169.78	188 00 188.25
Tere and Lyle export price	£247 Q	+2	Nov	190.50	191 5C	190.75 190.25
			Dec	191 75	192.75	19225 (913)
Barley (English feed)	£111.0		Vet	190.25 186.50	191.00	190.75 190.25 106.75 106.50
Maize (US No. 3 yellow)	\$149.0		Mar	183.00	184 50	183 25 183 00
Wheel (US Dark Northern)	Unq		Apr	100.25	181.00	180.73 180.25
Rubber (Aug)*	50.75		_			
Rubber (Sep)♥	\$0.7\$			3906 [10	CUS) IOUS C	f 100 longes
Rubber (KL R55 No 1 Jul)	201 Or		MOCE			
Coconut oil (Philippines)§	\$532.50	-250				the primary
Paim Oil (Malevalen)	2390.0-	+ 2.50			nth and pri	
Copra (Philippines)5	Una				However,	S dollar and the
Soyabeans (US)	£135.5					idlar have lately
Cotton "A" Index	65 35c	-0.1				ctions in Europe
Wooltops (54s Super)	377p					ecorus nimit
C a tonno univez otherwise	stated page	noe/kc				or causing a
o-centurio. 7-ringgit/kg.?-Si	en/Oct which	Wedui/				n lops and yarn
AND y-Sep z-Aug. 1Ment	Commission (average				but this is not
fatalockonices " change from	n a week ago	TLON-				experienced by
don physical, &CIF Rottenda	m	market				styre of the wood in the past
close w-Malaysian cents/ki	g. opianosis pr	should				HE concentration
have been 250.5						te waten sector

day's trading range, "People are cautious at the moment, said one dealer, commenting on the low level of turnover. "We're waiting for origin news and anything out of the Geneva talks (on the renegotiation of the moribund International Cocoa Agreement]. At the London Metal Exchange most metals reversed their recent downtrends. The exception was TIN, which resumed the downward course that was interrupted on Tuesday. Dealers attributed the \$55 fall that took the cash position below the \$7,000-a-tonne mark to "a negative technical outlook". Compiled from Reuters

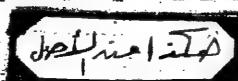
SUGAR - Lunden FOX

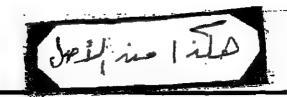
	Days	Previous	High/Low
lug	235 80	235 40	215 00
NCT.	217.00	218 80	216.30 215 93
lec	203 00	201 80	201.20
Agr	208.40	206.20	205.40
William	Cicon	Previous	High/Low
ilig.	209 80	297.60	299.00 295.50
×1	266.70	269.60	270.50 267 80
MC	267 70 269 80	287.60	267 50 267 00
dar	276 40	269.60	270 00 267 80 276 70
lug Jes	387.50	268 90	267.50
mile 2 ug 14	731 (1728 27,02 Oct	1 Paris- W7 1356.10	s of 50 tonnes. title (FFr per tonne)
SUDI	OIL - 11		Sibarre
	Glos		
ug	20.2		20.24 19.92
e b	20 23		20 31 19 97
ct	20.28		20.28 20.00
QW	20.20		29.13 20.00
OC	20 17		20 06 19 94
an Pe Ind	19 04 esr 20 07		19.95 20.07
_			20.00
	w 31994 i	37878)	Sitonno
	Citasa	Previous	High/Low
	10025	185.00	184.75 183.75
ug	188.00	187 00	186.50 185.75
ep MI	188.50	187 00	189.50 199.75
lor lor	190.50	193.70 191.50	190.75 190.25
March 1	190.50	191 50 192.75	190.75 190.25
	190.25	191.00	190.75 190.25
25	186.50	100	196.75 106.50
lar Car	183.00	104.50	
	183.00	184 50	163 25 163 00
₽r_	10025	181.00	180.75 180.25
numare	er 3906 (1	0305) lots 6	f 100 tonnes
WOO!		oci eales in	the primary

		Liginota	- Ingracult				-
Jul	590	876	367 561			9.7% parti	
Sep Dec	597 627	684 622	606 565 634 614		Gash : 3 months :	299-0.5 324-5	1291 1316
Mar	666	651	882 841				
May	673	888	878 680		Copper, Grad		_
Jtyl	690	685	696 691		Cash 1 3 months 1	328-9 342-3	1310
Sep Dec	709 736	704 730	708 897 731				1326
					Lead (E per t		
Turnov	er: 4511 (8480) lots (of 10 tonnes			20-1 32-3	311.5
price fe	or Jud 14	759 79 (790	Rs per tonn 1.96) 10 day	and the same			324-
for Jul	15 764,25	(760.60)			Middle (5 per		
						420-30 495-500	7365
CÓRES	R - Loo	des POX		\$/tonne			/440
	_			ST ROTHING	Tin (3 per tor		
	Com	Previous	rightom		Cash 8 3 months 7	990-7000 925-8	7045
∂ul	760	747	747				7075
Sep Nov	772	759 221	१४७ १५४ १६४ १६४		Zinc, Special		
Jen	796	788	800 782			314.5-5.5 338-7	1286- 1308-
LAge	816	807	816 798				IJU6-
May	505	122	928 821		SPOT: 1,9263	22 300	3 mon
du)	551		847		G 01: 13000		a mar
Turnove	ec.3107 (1	687) lots of	5 tonnes				
ICO Inc	SCRIOT pr	ices (US c	ents per po	und) for			
JUL 14: 1		ily 49.54 (4	9 49) 15 day	average			
~r.10 (4	14.0aj				LONDON BU		
					(Prices suppl		House
POTAT	085 - L	onder FO	K	Efforme	God (troy no		
_	Ciose	Previous	High/Low			\$ price	
_					Glass	351.70-352	
Apr	763	80.3	81.0 78.5		Opening Moment (Lc	350.80-351	20
Turnow	39 (72)	lots of 20	Innee.		Afternoon fix	350.90	
					Day's Nigh	352,00-362	.30
SOYAN	MAL - I	coded FO	×	Eltonne	Day's low	350.50-350	.4G
					Loco Lán Me	en Gold Le	ending F
	Close	Provious	High/Law		1 month	3.00	6 mos
Get	126.50	120 50	120,50		2 moretre	2.97	12 mg
Zmmore	r 25 (125) lots of 20	ionnes.		3 months	2.98	
					Silver fix	p/troy oz	1
-	- I-	den FOX	-			395.05	_
	_	men Lox	\$10rino	ex point	Spot S months	380.00	2
	Close	Previous	High/Low		6 months	401.90	3
لنال	1079	1060	1079 1080		12 reportes	409.95	2
Aug	1159	1092	1119 1057				
Sep O	1138	1128	1136 1136		GOLD CORN	•	
0cz 0cz	1220 1300	1208 1290	1355 1326 1300			\$ price	
BFR	1050	1057	1050		Krugemend	350.00-30	200
2	_		1000	_	Magie feet	361.90-3	
+ Ultrigate	r 100 (89	1			New Sovereig		
					TRADUO OF	TIONS	
CRABE	- im	MI POR		Cronne	Aluminian (9	1.7%)	Calls
	-		15-1-5				
Williams.	Close	Previous	High/Low		Street price \$	STARIE SED	Dec
Sep	113 00	113 00	113.00 113.		1250	74	103
Nov	111 82	115 90	126.00 115.		1300	38	80
Mar	119.25 122.30	122.25	119.45 119. 122.30	25	1350	16	42
May	125.00	124.90	125.20 125.	añ.	Copper (Gred	e A)	Cells
Jun	125.75	128.30	126.80 126.		2466	123	117
	Down			_	2550	87	85
Series	120	Previous	High/Low		2050	16	34
200	111.15	111.15	111.25 111.				
Nov	114.50	114.60	114,75 114.		Collect	Sep	Nov
MIP	120.3C	120.05	120.30 120.	au	600	172	184
May	121.60	121.40	121.30		650.	123	738
			Beziey 136	(46).	700	77	96
T BESTICAGE	ir lots of	100 Tormer	i.		Cocce	Sep	Dec
PIGS -	Lendon	BOX IC	ash Settleme	nti o/ks	600	· 10	51 38
					625 680	. 5	29
	-	Previous	HightLow				
Aug	108.D	107.5	107.8		Brent Crede	Sep	Oct -
Nov	108.5	106.B	106.0			47	
Pelo	100.0	102.0	101.0 100.0		2000 2050 ·	26	49
furnave	r.7 (31) k	ota ol 5,250	lag .		2196	14	-
-					_2000000	-	
						Total Control	

Cash 3 months	1314.5-5.5 1336-7	1286- 1308-	8	1340/1316		302-2.5 324-5	Total da		r 11,600 lot .418 lots
SPOT: 1,926	ES mies	3 mon	the: 1,8	995	8	months: 1		•	onthe: 1,868
	ULLION HA								
	Hed by N M		hild)			w Y	OPK		
Ged (to)	s price		equiva	elent	COLU		oz.; S/troy	DZ.	
Gloss	351.70-352	_				Close	Previous	High/Los	
Opening	360.80-351	20			Jul	354,0 354 7	361,1 351 B	0 054.8	0
Mornetg fix Afternoon fix	360.96		82,786 82,144		Aug Sep	368.5	352.6	0	301.4
Day's Nigh	352.00-362		DE, 144		Oct	3564	363.5	366,6	363.2
Day's low	350.50-350.				Dec	356.3	365.4	356.5	355.0
Loco Ldu M	een Gold Le	nding 8	lates (1	Fe USS)	Feb Apr	3002	357.3 359.2	360.4	357.4 350.2
1 month	3.00	6 mos		2.98	Jun	363.9	361.2	363.0	_350.2 _361.3 - ·
2 months	2.97	12 mg	ethe	3.04	Aug	386.6	363.4	364.4	363.5
3 months	2.98				PLAT	100 MATERIA	roy oz. S/tr	by cz.	
Silver fix	bytok of	- 1	400			Close	Previous	High/Low	,
Spot	395.05		06 66		Jul	390.5	391,0	369.6	PRAS -
S months 6 months	401.90		16.90		OCt	385.8	390.5	300-0	386.0
12 months	409.95	2	26.56		Apr	386.8	388 2	385 0	363.0 365.0
					Jul	366.5	386.2	0	0
GOLD CORRES									
	\$ price		C equiv			Close	Previous	Highflow	· · ·
Krugemend	380.00-30		182.90-	184,00	Jut	384.0	303.8	394.5	392.5
Maple feet	361.90-36				Aug	395.0	394 8	0	0
MEM DOADLD	ign 65,00-87,		44.00-4	1.00	240	388.0	315.0	396.8	:394.0
TRADUD C	PTIONS				CHOC	400,0	300.8	400.5	398.0
		Cells		hde	Jan Mar	401.5 404.4	401.5 .	400.0	400.0
Aluminism (_		Man	407.3	407.1	0	0
Strate price	5 tonne Sep	Dec	-	000	34	410.1	410.0	410.5	AVILS
1250:	74	103	6	14	Sep	4170 -	413.0 .	G -	-0 -
1300	38	60	20	29		417.9	41B.1	417.0	417.0
1350	16	42	46	52	HIGH	GRADE C	OPPER 25,0	000 KH; CM	uis/lbs
Copper (Gre		Cells		-Uts		Clone	Previous	High/Low	,
2496	123	117	13	50	Jul	115.75	114 15	116.60	. 114,60
2550 2660	87 19	95 34	46 108	97 162	Aug	115.80	114.30	115.70	114,60
244			199	146	Sep Oct	115.05	114 40 - 113 65	116.85	115.75
Coffee	Sep	Nov	Sep	Nov	Nov	114,76	113.35	114.25	0 114.25
	172	184		1	Dac	114.35	112.95	115.30	113.10
600 -	123	138	1	5	مغل	113.70	112.55	114.00 -	112.00
700	π	96	5	15	Feb	113.10	111.75	113.10	113.10
Cocce	Sep	Dec	Sep	Dec	Mar	112.35	110.35	112.50	111,30
600	16	57	21	24	<u> </u>	n MORLE	411" 112.0	to the com	-
625	. 10	30	36	36					01
680		29	56	22	-	Close	Previous	Highrige	
Brent Crede	Sep	Oct -	-p		Qet Mar	9.65	9.62 9.45	9.66 9.42	9.39
2000	47		41		Мγ	9.34	9.35	9.37	0.34
2050	26	49	73		Jul	\$.29 ·	0.26	9.31	931
2196	14		108	. 1	Oct	9.20	9.24	9.20	9.20
-300	the state of the						•		

CRUE	E OIL (L	ght) 42,000	US cells	Sibarrel	_ C	nicag	10		
ì.	Ciose	Previous			•••	uvag	Į.		
_					- 801/	MEANS &	000 bu min;	cents/60ib is	umbel.
Aug.	· 21,71 ·· 21,60	21,46 21,56	21.73 27.83	21.38 · 21.28		Close	Previous		_
Oct :	21,54	21.30	21.55	21.22				High/Low	_
Nov	21.48	21,27	. 21,48	21.23	Jul	566/8	669/6	569/0	U. T
Dec Jan	21.32	21.22	21,40	21.49	Sap	569/0 571/2	57 1/4 573/2	571/4 573/4	568/4 570/6
Feb	21.32	21.14	21.32	21 11 21.03	Pige	575/6	577/2 .	578/0	. 5740
Mer-	21.10	20.94	21.07	20.83	Jan	683/6	585/2	585/2	581/4
Apr	30.99	20.84	20.95	20.87	Mar	591/2	593/0	503/2	591/0
May	20:90	, 20,75	20.87	20.81	Jul	598/9 902/6	600/2 603/6	604/4	598/4 602/4
EAT	MG OIL (2,000 US g	alla, centi	VUS galls					0024
	Chose	Prinvious	High/Lo	THE STREET	- 3012		60.000 lbs; (
log.	1024	5990	6046	8950	- '	Close	Previous	High/Low	
	6126	6090	6135	0040	Jut -	19.34	19.38	19.47	19 32
iep ict	6221	6191	6230	5150	Aug	19.37	19.44	19.56	19.36
Nec Nec	6316	6285	6315	6250	Sep Oct	19.55 19.72	19.60 19.73	19.71 19.85	19.54
ine:	6421	6370 6395	6400 6420	6330 6360	Dec	20.02	20.05	20.17	20.00
eb .	6321	6300	6325	8290	Jan	20,19	20.16	20.33	20.17
Ater	8086 5886	6065	6060	6060 '	May May	- 20,46 20,75	20.48	20 60	20.46
O'	5705	5845 6886	5545	5840			20.78	20 80	20.75
_		_	3670	- 5650	. BOYA	BEAN ME	AL 100 tons;	\$/ton	
		es:3/tonne		- 71		C2006	Previous	High/Law	
	Cloup	Printegus	HighVLa	W	altel	1746	175.6	175.1	174.2
wi i	954	948	963	953	Aug	175.3	176.1	176.9	174.9
lep lec	998	984	1012	892	Sep	176 4	177.1	176.9	176.1
ini	100	1043 1087	1070	1051	Ďec	100.7	194.0	194 4 194 0	193.3 193.2
key	1131	1117	1140 -	1127	Jan	193.1	193.6	193 5	192.5
ul	1156	1145	1780	1153	May	191.8	793.0	192.7	191.5
	1165 1226	1174	ð	a		1910	192.9	192.0	180.9
SALT .	1284	1215	0	0	MAE	5,000 bu	min; cents/9	No bushel	
New Y	Links	1282	0	ō		Close	Previous	High/Low	
OFFE	€ "C" 37	,500%bs; cer	its/ibs		Jul	231/0	E94/2	232/6	230/4
	Close	Previous	High/La		- Dec	232/2	234/0	177/2	231/4
ul ·	59.30				- Mer	235/4	236/6	237/0	235/2
ep.	61.50	59.35 61.60	60.26 62.70	59.50 - 81.05	Mary	289/4	245/0 250/2	245/0 250/4	243/6
ac -	63.75	63,85	84.95	65.35	24	253/2	254/0	254/0	249/0 252/6
	66.25	66.40	67.25	66.10	840	252/0	253/0	252/6	251/4
my H	70.30 72.46	70.25	71.20	70.60	_	251/4	251/2	252/2	250/4
p	74.90	72.40 74.35	72.45 74.30	72.45 74.30	- WHEA	T 5,000 bu	min; pens/6	Olb-bushel	
	77,16	77.20	.0	-0		Glosa	Previous	High/Low	
			-	*	· Jul *	349/0	340/2		****
orro	W 50,000:	cents/lbs	-	-	Sep .	348/4	341/0	349/0 347 <i>/</i> 4	341/6
	Close		10-10	_	Dec	365/4	351/2	350/2	341/6 352/0
		Previous	High/Lov		- May	357/0	353/2	358/0	354/2
pt 8¢	63.60 62.57	63.4B	64,20	63.25	Jur	347/0	344/0 327/0	347/4	344/6
at .	63.65	63.60	64.30	63.35	· Sep	332/0	332/0	330/6 332/0	327/0
	64 25	64.25	84.90	64.20	- 11 11 Days of	4 7 7 4			332/0
d .	64.90	84.85	65,30	64.90	CARC		000 lbs; cen	a/los	
52 · .	64.00	63.30 .	Θ.	4		Close	Previous	High/Low	
		63.28	P	. Q-	Aug	73,800	74.175	74,100	73.575
LANG	E WICE	15,000 tos;	CWHL/Rus		- Oct	008.E5	73.675	73.725	73.325
	Close	Previous	High/Los	,	- Dec Feb	71.625	71.675	71.700 :	71.400
7	123.50	125.35	125.00	123,50	- Apr	70.700 72.075	70.875 72.250	70.900	70.625
	120.70	123.35	123.00	120.70	Jun	69.250	69.350	72.250 69.350	72.000
	114.50	116.55	TIBLES	114.80	, Aug	65.125	68 176	60.300	69.250 68.126
100	T14.50	116.50	115.00	154,10	LIVEH	008 40.0	O lb; cents/fi		4011100
AF.	114,80	115.50 115.50	115.40	114.60		Close			
7:	114.00		715.50 111.50	115.50 115.50	*	$\overline{}$	Previous	High/Low	
IP .	114,00	115.00	115.50	115.50	Jul ·	44.900	45.500	45.300	44,875
PY .	114.00	115.00	115.50	115.50	Aug -	43.025 38.575	43.025 -	43.300	42.650
• •					- Dec	39.475	38.375 39.400	38 850	38.200
					Feb	40.200	40.200	39 675 48.385	39.200
<u> </u>			_		Apr	39.175	38.250	30.000	40.100 38.850
				1.1.1	Jun .	44.950	45.150	45,050	44.800
SEO.	DRR (Hee	e: Septemb	ier 18 195	T = 100)	Aug	43.025	43.276	43.700	43.025
	Jul 16	Jul 14		O YT ago	PORK	DELLINE 4	0,000 Rbs; ce	nts/Itb	
	- 1550.0	1584.7	1594.6	1715.7		Close	Previous	HowLow	
OW.		ese: Dec.			Jul	30,350	31.025		
					Aug	27.300	31.025	31.250 31.250	30.250
	Jul 14	Jul 13		D TROO	Pelo	36.425	27.275	28.000	30.250 27.100
ipot	117.61 + 179,13	117.72 118.93	118.98	124.99	May	35.050	36.426	36.600 -	36.250
-14-4		- 14:00	119.79	123.13	đại Jul	- 37.250 36.900	36 200	36,400	36.050
	".						37,400	37.250	36.850





Footsie unable to hold above 2,500

By Terry Byland, UK Stock Market Editor

AN ATTEMPT by the UK 2500 mark which has proved equity market to extend the an elusive target recently. recovery of the previous ses. But it was soon clear that sion faded away yesterday as institutional buying support investors grew increasingly was sadly lacking and, as the nervous ahead of this morn premium, on the Footsis coning's meeting of the Bundes tract-faded away, so did the
bank's policy-making council. gain on the underlying Index.
Firmness in the D-Mark Although the market held in emphasised fears that the Ger-

for UK interest rates.

Blue chip share prices opened strongly, as an imitial gain in the September futures contract on the FT-SE index buttressed hopes for an extension of the recovery seen at the close of the previous session.

The Footsie Index quickly advanced by 17.1, managing once again to move above the

positive territory for the rest of man central bank might the day, there was little genntighten policy today, and cast ine support. A singulah start deeper clouds over prospects on Wall Street, which was 5.68 for UK interest rates.

Dow points off in UK hours, left London to close in lifeless

> The FT-SE closed 2.4 higher on the day at 2.486.4 Seaq vol-ume remained low, with the 404m total swollen by the completion of Tuesday afternoon's

Accel	ant Dealing	Detes
That Dealing Jun 29	Jul 13	Jal 27
Option Declar	Jul 23	Ang 6
Lest Decline Jul 10	Jul 24	Aug 7
Assessmt Days July 20	Aug 8	Aug 17
Annual Alexander	the same date.	ofeen to-

buy orders. Seaq volume of 374.Im on Tuesday represented customer, or retail, business of only £854.3m, still a dismal fig-ure from the point of view of the London-based securities

industry.
The lack of investment interest was reflected in the expectedly poor start for Anglian Group which opened at a dis-count to the share offer price after a poor response to the

public offer. Tomorrow brings the start of dealings in MFI Furniture which had a similarly unsuccessful journey through the public sale process. Shares in Wellcome edged higher as the London market awaited the close of the share offer period at the end of next

Traders said that the market had been virtually put "on hold" until the outcome of today's meeting at the Bundesbank is known. Reiterated political support for Britain's place in the European Exchange Rate system left the City of London to wait nerman monetary disciplines.

vously for any decision on Ger-Two small trading programmes were identified yes-terday but, such was the lack

of enthusiasm in the market that the overall trend of share prices was not affected.

The banking sector continued to find some support, with the exception of TSB, the UK bank which gave ground as hopes for a bid receded. A few very small, scattered, gains among the store shares reflected little more than a technical rally in a badly-bat-

tered area of the stock market. In its latest analysis of the UK economy, Goldman Sachs commented that "there is now mounting evidence that the Conservatives' election victory has not proved to be the catalyst required to shake the consumer out of its torpor. This is bad news for the manufacturing recovery which started in February."

	F	MAN	CIAL	TIME	S 5T	OCK	INDIC	ES		
	July	July 14	July 23	July 10	July 9	Year Ago	High	982 (.ah	Since C	Low
	89 54	89.60	89.45	89.66	89 72	64.90	89.75 (3/7)	65 .11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Pland Interest	106.22	106.25	106.19	106.22	106.15	83.77	106.35	97.15 (2/1)	106.35 (6/7/92)	60 53 (3/1/75)
Ordinary Share 9	1896.2	1897.4	1890.3	1903.7	1813.9	:978,6	2149.7 (22/5)	1851.4	2149.7	49.4 (26/6/40)
Gold Mines	98.2	85.7	65.3	84.0	6 3 8	212.5	150 6 (10(1)	53.5 (8/7)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2485.4	2484.0	2478.3	2490.8	2497.9	2561,0	2737 B (11/5)	2382.7 (3/4)	2737.8 (11/5/92)	986.9 (23/7/84)
PT-SE Eurotrack 200	1152.00	1140,99	1149.14	1158 17	1158.82	1182.25	1248.79 (11/5)	1120.52	1245 79 (11/5/92)	935,62 (16/1/91)
●Ord. Div. Yield ●Earning Yiq %(fult) ●P/E Ratio(Net)(☆)	7.04 17.90	7.03 17.60	4.90 7.06 17.65	8.97 15.00	4.78 7.00 17.93	4,79 8/41 14.62	1/7/35, Gal	Frince 12/9/5	9/26, Pured les. 5. Bac=1 1000 F 110/90 ← Na 16	T-SE 100 \$1/1290
SEAO Bargns 5.00pm Equity Turnover(Em)† Equity Bargains† Shares Traded (milit	19,206	18,258 854,3 21,121 358,4	18,487 883.8 23,693	24,968 982.8 26,820 413.5	20,823 1042.7 23,336 431.7	29,782 1178.45 20,889 530.8	GII		ED AC	TIVITY 14 July 13
Ordinary Share Index.	Hourly ch		ay's High		Day's	Low 1894	Bar	Edged gains	88.	
	186			7.1 189	8.1 1898	1897		Day aven	age 86.	6 66.2
	am 11 a 6.4 248	am 12 ;		m 2 p	m 3 pa		T tEx		stra-marke	et 18 turnover,
Open 1153.88 154.52	11 am 1163.6	12 (om	155.58 1 pm 158.09	Day's 1 2 pm 1152.51	3 pm 1152.3	Tel.	0891 12900	11. Calls ch	Share Index: erged at 35p/ minute at all

Thorn hit by Amps and CDs

MUSIC AND leisure group Thorn EMI suffered its third consecutive heavy fall as the continuing worries over the possibility of a Monopolies and Mergers Commission inquiry into compact disc prices were joined by concern over its exposure to auction market preferred stock (Amps).

The nervousness arose in several stocks yesterday with Amps exposure following BET's decision to use a rights issue to repay some of its

Thorn has £115m of Amps and £103m of redeemable convertible preference shares on its balance sheet. There were suggestions as the market opened that counting Amps in as debt would take Thorn's gearing from around 75 per

cent to 115 per cent.

Analysts later pointed out that Thorn's gearing was ambiguous because the company writes off so much goodwill in its accounts. However, this argument, together with a strong rebuttal from the group, failed to stem the fall in the shares, which closed 16 adrift

Anglian dull

The market debut of Anglian-Group, which manufactures and installs replacement windows, went off with very few fireworks. The shares, offered at 210p, opened around the 203p mark and ended the ses-

sion at 204p.

Dealers said the stock had put up a creditable performance given that only 6 per cent of the shares offered to the public were taken up. Private investors have shunned recent share issues.

The flotation of GPA, the aircraft leasing group, was pulled at the last minute as international investors turned their backs on the stock, while the flotation of 3i, the investment group, was postponed.

Shares in The Telegraph newspaper group opened at a substantial discount to their offer price, while those in Kenwood, the electrical goods group, managed a minor pre-mium on their debut but have since fallen to a discount.

Barclays rallies

A long period of underperformance by Barclays Bank, against the banking sector in general and especially National Westminster, primar-ily caused by hefty profits downgrades and a series of broker switch recommendations, was to some extent reversed

yesterday. Nomura , the Japanese brok-

NEW HIGHS AND LOWS FOR 1992

ing house, was believed to have recommended a switch from NatWest to Barclays, pre-dicting that Barclays would maintain the current year's dividend. Its interim results

are expected on August 6. Barcleys shares rallied 12 to 329p on heavy turnover of 5.8m, while NatWest eased a

fraction to 339p on L8m.
TSB continued to attract some above average turnover. with 6.7m shares traded by the close. There were hints of a seller of 5m TSB at a shade below the market price.

Buoyed recently by sugges-tions that a stake-builder had been operating in both the stock market and the traded options, the shares dipped 5 to 1390 amid a mixture of profittaking and switching out of TSB and into Abbey National. The latter edged up 2 to 289p.

Union Discount, which recently revealed heavy losses, remained under pressure, closing 5 off at a 1992 low of 44p; in February 1991 the shares were changing hands at 565p.

Templeton Galbraith, the investment management group, touched 313p before fin-ishing a net 20 higher at 309p after revealing that it is involved in talks which could lead to a takeover bid for the

Composite insurances responded to a strong buy note issued by Robert Fleming Securities, with Guardian Royal closing 2 ahead at 137p. The same broker was also said to

have been a keen supporter of Willis Corroon, as was Gold-

after Moody's Investors Service was said to be considering downgrading some of the company's debt, was more than counterbalanced by a move by James Capel, which turned more positive on the stock. The shares gained 11 on the day at 1152p. Laporte, hit by downgrades from a number of houses on consideration of difficult first-half trading,

retreated 10 to 568p.

Anglia Secure Homes shares almost halved, closing 5% down at 61/2p after the group revealed increased losses. Other casualties in a building sector suffering from relentless waves of selling as hopes of interest rate cuts recede every day included Taylor Woodrow, down 5 at 70p.
Alexander Proudfoot plunged 41 to 194p after an

halped Cadbury-Schweppes to rise 11 to 492p. Cadbury has a canning agreement with Coca-Cols in the UK, where it saw sales growth of 17 per cent in soft drinks last year. Results ahead of market

man Sachs. Willis improved 5

to 213p.

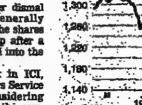
Lasmo gave another dismal showing in a generally unhappy oils sector, the shares sliding 5 more to 156p after a block of 1.4m was sold into the

market at 155p.

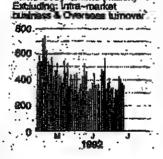
An initial setback in ICI,

agency cross of 1.2m shares Good results from Coca-Cola

FT-A All-Share Index 1,300



Equity Shares Traded Terriovec by volume (million) .



expectations caused Bulmer to jump 16 to 300p. Analysts, however, reported some nervousness among the Bulmer man-agement about the forthcoming flotation of rival agement cider maker Taunton, following market talk that some institutions are considering switching out of Bulmer and into the new stock.

Brewery group Whitbread receded 4 to 438p as County NatWest moved negative on the stock, arguing that its high exposure in south-east England, low earnings growth

on high turnover of 4.4m. Sentiment was also helped by a Smith New Court recommendation. The division was part of Dowty Group, recently taken over by TL

Wagon Industrial climbed 12 to 438p, with the company's Albert E. Sharp reported to have been among the day's leading buyers.

MARKET REPORTERS Joel Kibazo, Christopher Price, Steve Thompson. Other market statistics.

BRITISH FUNDS

TRADING VOLUME IN MAJOR STOCKS



EQUITY FUTURES AND OPTIONS TRADING

would announce a tightening in German monetary policy today led to a cautious mood in stock index futures, writes

Joel Kibazo. The firm overnight performance on Wall Street led to a confident opening of the September contract on the FT-SE, at 2,525. This, however, proved to be the high of the session, for September soon went into

retreat as nerves about the

BRITISH FUNDS - Cont.

PRARS that the Bundesbank outcome of the Bundesbank meeting took hold. By 11.30am the contract had

fallen to 2,496, the low of the of about 18. Turnover was a day, and was now trading at a discount to fair value, with sentiment further weakened by the poor performance in the gilts and sterling markets. Sporadic buying in the after-

noon on the back of a higher opening in New York helped September claw back some of the earlier losses. It finished at 2,502, down 7 from the previous session and just below its fair value premium to cash poor 5,299 contracts.

In traded options, turnover reached 26,602 contracts, with trading in the FT-SE 100 option particularly busy. It had a total of 15,048 lots dealt, with the July 2,500 calls active. British Steel was the busiest stock option with 1.860 contracts traded

FT-ACTUARIES SHARE INDICES

O The Financial Times Ltd 1992. Compiled by the Financial Times Ltd in conjunction with the inetitate of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS		Wedne	sday J	luly 15	1992	2	The Jul 14	Moo Jul 13	10 14 17	Year 390 (apprex)	
	& SUB-SECTIONS Figures in parentheses show number of stocks per section	Index No.	Day's Change	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio . Olati	rd adj. 1992 to date	Index .No.	lulex No.	Index No.	Index No.	
1 -	1 CAPITAL G0005 (177)	780.26	40.1	7.57	5.76	16.87	20.19	779.77	783.42	792.90	815.81	ŀ
1.1	2 Building Materials (22)	851.76	-13	6.37	6.58	21.33	25.58	862.90	874.81		1036.66	4
H	3 Contracting, Construction (28)	729,46	-0.5	4.77	8.20	46.03	25.20 68.82	732.96 2364.26	752.47 2360.78		1145.63 2370.30	ł
ľ	4 Electricals (9)	2417.32	+2.2	7.16 8.45	. 6.25 4.56	18.10 14.76	44.82		1921.73		1705.89	ı
1	5 Electronics (28)	11408.20	+1.0	11.03	7.89	11.47	11.27	326.95	326.19	327.53		1
1	6 Engineering-Aerospace (6)	405.00	+1.4	8.49	4,97	14.58	11.44		479.44	481.98	442.03	ł
1	7 Engineering-General (43)	200 07	+0.1	5.72	7.39	25.54	6.92	298.68	298.04	306.78		:1
1	8) Metals and Metal Forming (8) 9) Motors (14)	270.77	+1.2	7.76	6.88	15.94	10.04	337.78	342.26	344.03	318.49	1
Ι,	O Other Industrial Materials (19)	1635 70	+0.1	7.49	5.01	16.07	36.53			1668.67		1
1. 3	0 Other industrial Materials (19)	1581 26		7.69	3,62	15.96	24.61			1588.67		1
1 3	2 Brewers and Distillers (24)	2074 37	-0.2	7.98	3.53	. 15.12	29.60		2070.01		1836.46	ł
1 5	5 Food Manufacturing (19)	1241 64	+0.3	8.69	4.25	14.24		1237.38	1233.37	1237.74	1177.52	Į
	6 Food Retailing (18)	2807.81	+0.6	8.69	3.25	15.00	44.70	2790.92	2764.91	2758.07	2761.29	1
	7 Health and Household (24)	3772.34	-0.7	7.31	2.81	15.58	37.92	3799.09	3805.32		3661.52	ł
	9 Hotels and Leisure (18)	1170,90	-0.8	6.86	5.84	18.95	23.64			1193.67		1
	O Media (26)	1519.38		6.39	3.45	19.36		1519.35	1506.63		1409.26	1
1 3	1 Packaging, Paper & Printing (17)	₹ 759.62	+0.5	6.79	4.35	17.86	14.76		758.81	764.59		1
3	4i Stores (33)	1 977.AL	40.8	7.71	3.79	17,13	16.96	969.86	975.34	986.79	936.23	ı
3	5 Textiles (9)	659.59	+0.7	. 7.12	4,70	17,68	14.72		653.08	654.80	551.11	١
1 4			+0.3	9.96	5.26	12.53	25.61		1243.34		1234,67	Ī
. 4	1 Business Services (17)	1362.43	+0.3	. 6.40	3.66	19.02	20.78		1355.64		1280,82	ł
4	2 Chemicals (22)	1382.49	+0.6	7.62	5.26	16.07		1374.88		1394.14		ł
1 4	3 Conglomerales (11)	1236.13	-0.1	10.08	. 7,62	12.45	23.62	1237.26 2414.93	2425.04	1228.25	2167.15	Į
1 3	4 Transport (14)	2911.30	+1.2	8.19 14.72	4.89 5.47	15.07 8.60		1325.53		1342.62		ı
1 3	5 Electricity (16)	1424 60	+0.3	10.93	4,64	11.93		1420.26		1418.69		ı
1 2	6 Telephone Networks/19	12026 00	+0.5	15.88	6.12	6.97		2811.95		2835.51		ł
1 3	0) OTHER GROUPS (110) 1] Business Services (17) 2] Chemicals (22) 3] Conglomerates (11) 4] Transport (14) 5] Electricity (16) 6] Telephone Networks(4) 7] Water (11) 8] Miscellaneous (23)	2035 70	-0.5	5.52	4.84	23.82		2044.95		2044.08		ı
	9 INDUSTRIAL GROUP (483)		+0.1	8.40	4.53	14.80		1275.75		1284.21		E
1 -	WINDUSTRIAL GROUP (483)	1270.01		_	7.39	16.71		1917.15	1906.98			ı
3	1 011 & Gas (17)	נכ מצו	+0.4	7,87								ı
<u> 5</u>		1339.71	+0.1	8.35	4.82	14.97		1338.14		1346.15		Į
] 6	1 FINANCIAL GROUP (85)	721.12	+0.6	[i	6.26		20.06	717.01	717.60	715.71	799,20	ı
6	2 Banks (9)	960.62	+0.7	6.87	5.70	20.66	24.58	954.28	958.48 1489.61	946.96	926,64 1483,98	ı
1 .6	5 Insurance (Life) (6)	1472.00	-0.2 +0.5	- 1	5.97 7.28	_	13.46	1494 46 475.86	474.85	480.94		l
1 6	6 Insurance (Composite) (7)	794,94	+1.2	9.75	8.17	13,49	30.14	785.46	783.64		1161.10	ł
	7 insurance (Brokers) (10) 8 Merchant Banks (7)		+1.7	3.73	4.80	15,717	11.25	441.88	443.14	443.00		ł
	9 Property (31)		40.3	9,92	7.81	13.65	19.44	585.09	580.16	593.63	891.66	1
1 .7			40.7	7,50	7.24	18.05	6.63	240.44	240.30	240.40	257.89	ŀ
		h136.91	+0.3	_	3.94	_		1133.73	1134.51		1209.34	ı
		1191.36	+0.2	_	4.98	-		1189.23	1187.85			١
1 -2	9 ALL-SHARE INDEX (655)		_	_	-				_			ł
		Lodes.	Day's	Day's	Day's	Jal	Jul	Jul	Jml	Jel	Year	ı
L		Ma.	Change	High (a)	Low (b)	14	13	10	9	8	290	ı
I _	FT-SE 100 SHARE THREXS	2486.4	42,4	2501.1	5484.4	2484.D	2478.3	2490 8	2497.9	2472.6	2561.0	
l												ŧ

FD	FIXED INTEREST					AVERAGE CROSS MESSEMPTION Y	Wed Jul 15	Tue Jul 14	Year ago (approx.)	
PRICES	Wed Jul 15	Day's change	Toe Jul 14	Accrused Interest		2 Coupers 15	5 yearsyearsyears	8.24 8.66 8.68	8.27 0.66 8.66	9.03 9.86 9.86
1 Up to 5 years (24) 2 5-15 years (24) 3 Over 15 years (11) 4 Irreferenties (6)	139.77 151.32 169.86	-0.04 -0.08 -0.25	122.45 139.82 151.45 170.29	1.58 2.88 1.38 1.01	7.25 6.89 6.80 7.34 7.15	4 Medium 5 5 Coupons 15 6 (2%-103-%) 20 7 High 5 8 Coupons 15	yearsyearsyearsyearsyearsyearsyearsyearsyearsyearsyearsyearsyearsyears	9.17 8.92 8.87 9.39 9.06 8.98 8.97	9.17 8.91 8.95 9.39 9.05 8.97 8.95	10.26 10.06 9.99 10.44 10.19 10.08 10.05
5 All stocks (65) Index-Linked 6 Up to 5 years (2) 7 Over 5 years (10) 8 All stocks (1.2)	173,54 152,32	-0.12 -0.43	173.75 152.98 154.66	1:09 0.64 0.70	1.83 2.74 2.60	Index-Linked 11 inflation rate 5% 12 inflation rate 5% 13 inflation rate 10% 14 inflation rate 10%	Up to Syrs Over 5 yrs Up to 5 yrs Over 5 yrs 5 years	4.01 4.35 3.22 4.16	3.97 4.32 3.18 4.13	4.46 4.37 3.46 4.17
9 Debt & Loans (62)		+0.13	122.34	252	6.21	16 Leases	15 years 25 years	10.19 10.06	10.20 10,08	11.73

#Upening Index 2499 3; 9 am 2486.7; 10 am 2495.4; 11 am 2489.0; Noon 2485.4; 1 pm 2486.3; 2 pm 2487.6; 2.30 pm 2488.5; 3 pm 2486.5; 4 10 pm 2486.6; (a) 8.39 pm (b) 11.37 am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SEI 9HL. The FF-ACTUARIES SHARE INDICES SERVICE covers, a range of electronic and paper-based products relating to these fudices. These are available by subscription from FURSTAT, 2nd Floor, 126 Jermyn Street, London SW IY 4UJ. Tel: 071-925 2323.

"Shorts" (Lives up to Five Verico Five Ver -10 ST 2 SO 22 SO 3 945. SPI for December 1991. 130 / and for J 889 B.84 OTHER FIXED INTEREST 8.84 8.82 African Dev 11 ½ 2010. 114(1 - 145) 10 8.77 Asian Dev 10 ½ pc 2009 188 ½ - 2 109 ½ 10 8.80 Februar 11 ½ pc 2012. 113 ½ 114(2 - 145) 10 8.80 Februar 2 20 ½ pc 10 . 98 ½ 00 ½ 8.60 13 cc 17 - 02 8.77 Hydro Gener 1886 . 124 ½ 00 ½ 8.85 Leech 13 ½ pc 2006. 124 ½ 150 ½ 11 8.85 Leech 13 ½ pc 2006. 124 ½ 8.72 Lech 12 pc 2006. 124 ½ 8.73 Lech 13 ½ pc 2006. 124 ½ 8.74 Lech 13 ½ pc 2006. 124 ½ 8.75 Lech 14 ½ Nores Almona Dev 101 % 2010. Astern Dev 101 % 2010. Astern Dev 101 % pc 2009 Stream 111 % pc 2012 Ireland Cap 6 % pc 111. Spc Cap 1986. 130c 197-02 Nycho Gamer 15ec 2011. Leeds 131 pc 2006. Liverson 3 % pc Limed. LCC 30c 20 Att. Marchington 111 % pc 2007. Med. Why, Spc 189 4 % pc 41 2024.

LONDON SHARE SERVICE

LEGAL NOTICES

NOTICE OF APPOINTMENT OF LICE STATES VOLUNTARY WISCOME UP CITE DATORS WHITE OF THE PROPERTY OF

SWEDEN

The FT proposes to pub-lish this survey on November 10 1992. Should you be interested in acquiring more information about this survey or how to advertise please contact . In London

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FT SURVEYS

FINAL NOTICE OF DISTRIBUTIONS

To Holders of

INTERFIRST TEXAS FINANCE, N.V.

Guaranteed Floating Rate Notes due May 1989 (Unconditionally guaranteed as to payment of principal and interest by IFRB Corporation, successor to InterFirst Corporation) CUSIP No. 458924 AA 5

Morgan Guaranty Trust Company of New York, as Truster ("Trustee") under the Indenture dated as of May 10, 1984, as supplemented, provides the following to helders of the above-described Notes ("Notes").

The Plan of Rempandation approved by the United States Bankruptes Court, Northern 15 strict of Texas, Dailas Division, provides that any Notes or compone not surrendered on or before July 23, 1992 shall be decimed cancelled and entitled to no distributions or other payments. A substantial portion of the amount owing on each such Note and coupons will be reallocated among the holders who have previously surrendered their Notes and coupons. All holders of Notes and coupons must surrender such Notes and coupons to one of the paying agents for cancellation and issuatage of a surrender such Notes and coupons to one of the paying agents for cancellation and issuance of a receipt therefor in order to participate in distributions.

Holders quest also provide registration information such as usure, mailing address, payment address (including wire transfer instructions, if elected) and such other forms or information as the Trustee requires to comply with applicable tax laws.

Questions should be addressed to the Trustee at the following address:

Morgan Guaranty Trust Company of New York, as Trustee

Corporate Trust Administration 60 Wall Street New York, NY 10260-0060

Attention: Mr. Patrick J. Crowley, Vice President Telephone: (212) 648-9001 (212) 648-5111

INTERFIRST TEXAS FINANCE, N.V.

Dated: July 15, 1942

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| Sect | Total **AMERICANS** | Table | Tabl BUSINESS SERVICES

MODES PRO: 197

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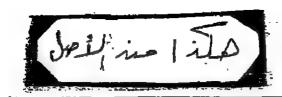
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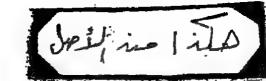
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MONEY MARKET FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Germany calls the EMS tune

ALL EYES were on the D-Mark intervene throughout the after-yesterday, with dealers conwill tighten monetary policy when it meets today, writes

The worries left the German European currencies, although most dealers had already taken tral bank was still operating their positions. Apart from a into the European evening to their positions. Apart from a spate of D-Mark buying late in the day, activity was low.

The market's sense of unease began to build when yesterday morning's Bundesbank repurchase tender resulted in a rise in the minimum-accepted oncmonth rate to 9.65 per cent from 9.60. There were also comments from the French. Belgian and Italian central banks suggesting they would remain in line with German rates. The market's conviction was

given further impetus after the Bundesbank announced that it would hold a press conference at the end of its council meet-

The Bank of Italy had to

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vinced that the Bundesbank port the lira, which is languishing near the bottom of the EMS ladder. By the close of European trading, the lira had weakened to L760.6 to the unit stronger against most D-Mark against a previous close of L758.2. The Italian cendefend the lira against heavy speculative selling. While most observers believe

Germany will tighten its grip in some way, there are three possibilities. The most worrying is that the Bundesbank will alter the Lombard rate. This would almost certainly prompt a rate rise in a number of European countries but was thought unlikely yesterday.

There is also a chance that still strong."

The German bank will make a

The dollar fell to DM1.477 the German bank will make a technical adjustment to the

A dealer argued that if there is a technical adjustment or the discount rate is tinkered with, there would be general relief and a jump in most cur-rences against the D-Mark. Nevertheless, Mr Akis

Karayiannis, head of foreign exchange dealing at Lehman Brothers, said the D-Mark's continued strength at a time when everybody expects a discount rate move was a sign that the Bundesbank might have to be more restrictive in the future. "At this late stage we should have seen selling of long D-Mark positions. The worrying thing is that despite the consensus of a discount rate rise rather than a Lombard rise, the mark was

from DM1.490. The pound was

technical a	technical adjustment to the from DM1.490. The pound was									t. 67976	E0143)	
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outs & Co	10	Llerds Basik	10	Banking & Securities Houses
		Metical Sack Ltd	10	Association.

MONEY MARKETS

Cash futures active

SHORT sterling continued to see very heavy trading as deal-ers speculated ahead of today's Bundesbank meeting about the prospect of raised interest The September contract

opened two points lower and continued to fall until it reached 89.77, at which stage it was discounting the possibility of a quarter-point rise in interest rates to 10.25 per cent. It steadied to close around 89.80, its lowest since becoming

the front-month contract. Turnover of around 47,000 lots by the official close was the highest during the past three days of active business.

UK clearing bank base leading rate from May 5, 1992

Dealers said that while sellers were offloading ahead of the prospect of a rate rise there was also significant buying. The bull case was that if the Bundesbank does not lift the Lombard rate but increases the less significant discount rate, short sterling will bounce 20 points to around 90.00. However, if a Lombard rise is announced there will only be a

five-point loss. In the cash market, the three-month interbank rate. which tends to be seen as the most significant indicator of future interest rates, also reflected anticipation of an increase in the base rate. It climbed by two points to close around 10% per cent. Meanwhile, the overnight rate

was quoted at 9% per cent and one week money at 10 per cent.
The Bank of England was unable to provide much early assistance to correct yesterday's forecast liquidity shortage of around £1bn. It gave cover of only £42m, with dealers said to have been standing back in the hope of longer term money.

However, it later provided short-term band 1 and band 2 loans. At noon, the Bank provided a further £1.021bn of assistance, bringing total help for the day to £1.063bn. The shortage was revised to around £1.2bn. The Bank later revised its liquidity forecast down by £100m to £1.1bn and gave late

assistance of £70m. The German money market remained tense as speculation continued that the Bundesbank would tighten policy at today's council meeting. A DM5.5bn addition of funds to the market in a tender for securities repurchase funds did little to relax the market. Call money remained at or just below 9.75 per cent.

(11 00 a m. July 15)	3 remains VS domains	6	mortis, life Deligns
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IW YORK	MONEY	RATES	

Estimated volume 3530 (3217) Preside Say's open Inc. 21450 (21376)

Contracts tracks on APT. Cleaning prices show

1-mth 3-min 6-mth 12-mth 19145 18930 18636 1.6145

TT-GE LIVE GNOEX * 625 per full ledex point

POUND - DOLLAR FT FERENI DIDIANG RATES

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Jul 15	LONDON MONEY RATES									
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Treasury Bill's (sell): one-month 9% per cent, three months 9% per cent; six months 9% per cent; Bark, Bill's (sell): one-month; 9% per cent; three months 9% per cent; Treasury Bills; Average (seller rate of decount 9.3%) per ECGO Fluxed Rate Sherling Errort Finance, Medic up day per 20.1992. Aspeat rates for period July 26.1992 to August 25.1992. Schopes 1.11.29 p.s., Sc

FUTURES TRADERS: ... No ifs, ... ands, ... or buts

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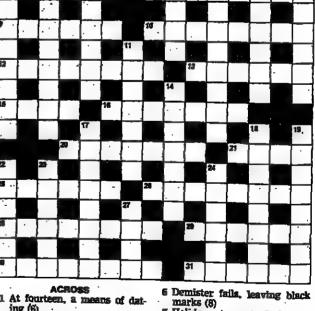
Money Market Trust Funds Money Market **Bank Accounts** Lieyels Bank ~ Investment Acco 7.20 10.001 Mai

CROSSWORD

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JOTTER PAD

No.7,900 Set by DINMUTZ



1 At fourteen, a means of dat-

ing (6)
4 Like a good monk, taking to
Bede in translation (8)
9 Harvestman has potential
energy in hind part (6)
10 Standard means to churn
cheese (8)

marks (8)
7 Holiday rates revised after the
end of June (6)
8 Touching offer? (6)
11 One seen in landing-strip is a
fugitive (7)
14 Foet's son has to think in

cheese (8) 12 Stimulant drug reduced what a blowi (8)
13 Waft from French cheeses

say? (6)
15 Dash from the land (4)
16 Brave way to twist new hat 70 Further downpours, we hear, will produce glacial debris (7)
21 Attack Nanny, possibly (4)
25 Autogico nicely displays what is incorporate (6)
27 Fish carries a tailpiece, not acid.

14 Poet's son has to think in French (7)
17 Realm of party favourité? (8)
18 Civility — true form in homely surroundings (8)
19 But can it be set by yachtamen ready to leave? (8)
22 Sound accompanying this Roman drinking-vessel? (6)
23 Gamble for a cricket captain? (4-2)

is incongruous (6)
26 Do in a battery? (3-5)
28 Throw club very hard (4-4)
29 A steep fluctuation in foreign currency (6)

30 Pay casual visit to Gatsby, the dandy (8)

31 J. Kelly turns out to be the better half (6)

DOWN 1 Musical baggage-carrier? (8) 2 Crop up again? Bring in the fruit! (6) 3 He has nothing on Longfellow as a short-story writer (1,5) 5 Dress up and swagger (4)

edly (4)

Solution to Puzzle No.7,369

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	FINANCIAL TIME	S THURSDAY JULY	(16 1992	W	ORLD STO	CK MARKETS			Ē	Ф Ф 33
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FINANCIAL TIMES THURSDAY JULY 16 1992	35
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FINANCIAL TIMES	Deterace positions of the property of the prop

TEL AVIVAND TOKYO.

AEROSPACE

llegations of corruption against President Fern-

ando Collor prompted a

30.7 per cent fall in Brazilian

equities in dollar terms last

month, but most of the losses

have since been recouped as

the passing of some important

economic reforms has lifted

According to emerging mar

kets data provided by the IFC.

part of the World Bank, Brazil

was the poorest performer in

June, while Turkey came out

on top after several months of

Mr Eduardo Farria, an ana-

lyst at Latin American Securi-

ties, says the Brazilian press was "besotted" with the allega-

tions against the president in

assing of a reform to stream-

line the country's ports, and

the approval of a complex

review of civil servants' pay by

the Senate, had been over-

looked by the market. He adds that since the gov-

ernment pushed through these economic reforms, no easy task

in the midst of a presidential

crisis, the market has become

cautiously optimistic that the

government's fiscal package

could be passed by Congress.

WHILE A late fall in bond

prices prompted afternoon sell-ing, the Nikkei managed to

stay ahead on foreign and

institutional buying, writes Emiko Terazono in Tokyo.

at 17,116.92. It opened at the

day's low of 17,092.13, and reg-

istered a high of 17,274.49 in

the afternoon on the back of a

from 208m. Gains led declines

by 533 to 347, with 215 issues

unchanged, while the Topix

index of all first section shares

put on 4.69 to 1,298.84. In Lon-

don the ISE/Nikkei 50 index

Most traders have been

heartened by the Nikkei's

reluctance to fall below 17,000.

Mr Nick Cant at Baring Securi

ties said: "One feature of the

market is that it does not feel

as if it wants to go down." He

added that foreign demand for

leading blue chips and buying

orders by domestic institutions

However, in the next few

months traders do fear a spate

of downward revisions for

earnings forecasts for the first

six months of the fiscal year.

day's most active issue, clim-

bing Y22 to Y995. KOA, in elec-

tronics, advanced Y9 to Y933

on hopes of a rise in demand

on the back of a US recovery.

Other electronic parts makers

also gained ground on the US

recovery theme, with TEAC

Advantest Y110 at Y2,490.

SOUTH AFRICA

adding Y30 at Y991 and

Horiba, the leading maker of

automotive emission analysers,

surged Y260 to Y2,300 on

reports that the US govern-

HOPES that democracy talks

would resume and a steady

gold price lifted Johannesburg

after the recent falls. The

industrial index closed 37 up

at 4,263 and the overall index

was 36 higher at 3,468. The

gold index was up 29 at 1,060.

Meiji Milk Products was the

underlying support.

Volume rose to 240m shares

higher futures market.

firmed 1.86 to 1.026.43

The index gained a net 52.29

investor confidence.

decline.

This could set the scene for

Another stimulus for the

market in early July was news that Brazil and its foreign

creditor banks had reached

agreement on a Brady-style

restructuring of some \$44bn of

evidence implicating the presi-

dent is produced. "But the

most likely scenario is that the

president will stay," he says.

inflation to come down.

Jun 30 % Change % Change 1992 over month on Dec '91

111,978,077

583.94

Dow eases on setback in industrial production

Wall Street

US SHARE prices finished on an easier note yesterday in the wake of some mixed corporate earnings reports and news of the first decline in industrial production for five months, writes Patrick Harverson in

At the close the Dow Jones Industrial Average was down 12.97 at 3.345.42, having spent the entire day in negative territory. The Standard & Poor's 500 eased 0.58 to 417.10, although the American SE composite managed to post a slight gain of 0.79 at 386.87, while the Nas-daq composite edged up 0.28 to 575.47. Turnover on the New York SE came to 205m shares.

The morning's news of a 0.3 per cent dip in June industrial production, the first fall in the indicator since January, and a 0.4 percentage-point decline in capacity utilisation, provoked only a modestly negative reaction from investors. Although the figures confirmed that the economic recovery has been extremely sluggish, the very weak June employment report released almost two weeks ago

tion for individual stocks. AMR, parent of American Airlines, rose \$1% to \$65% in active trading in spite of reporting a net loss for the three months of \$166m. If

write-offs related to a computer

project and the settlement of a class-action lawsuit are

excluded, the carrier's underlying operating earnings were stronger than expectations. The news from AMR lifted other big airline stocks. Delta advanced \$1% to \$56%, UAL \$2 to \$116% and USAir 3% to

Although American Home Products reported record second quarter earnings of \$296.1m (up 12 per cent from a vear ago), the drugs group's shares fell \$2% to \$72%, investors being disappointed by the

earnings per share. TRW moved ahead \$1% to ter net income of 96 cents a share, more than double last year's 39 cents a share. although that included a big

Motorola climbed \$2 to \$82% after the company revealed, late on Tuesday, second quarter earnings of \$146m, up from

Cigna lost \$1% to \$54% after the insurance giant warned that its April-June profits would fall below the \$1.25 a

share forecast by industry ana-

On the Nasdao market, Sunrise Technologies jumped \$1% to 89% after stating that the US Food and Drug Administration had cleared Sunrise's holmium laser system for marketing in the treatment of

Herbalife fell \$% to \$7% on a report that two senior executives at the company have cut their holdings in Herbalife by more than \$2m since late May.

TORONTO closed modestly firmer after active trading. The TSE 300 index put on 8.9 to 3.472.0, while rises outscored declines by 292 to 243. Volume totalled 30.4m shares, valued at C\$354.5m.

Nine of the 14 sub-groups closed higher. Golds climbed a further 2.34 per cent. Two of the sub-group's most heavily weighted stocks. American Barrick and Placer Dome, were C\$13% respectively.

Tokyo

+ 220.0 + 23.6 6,519.27 6,927.93 + 33.0 + 29.1 + 4.8 2,051,76 1,040,96 commercial bank debt. This was another feather in 24,534,92 the cap for Mr Marcilio Mexico Marques Moreira, the economy 208.83 minister, who is increasingly +38.6 South Korea seen as a figure of stability within the government indeed, since the start of July, the + 51.0. Bovespa index in dollar terms Indla has risen by 1.64, or 28.2 per +7.0 cent, to 7.46. Malaysia Mr Farria warns that share prices could fall back if any + 10.8

cent rebound in dollar terms last month, reducing its fall since the start of the year to 39.1 per cent, has fanned anaoffered to mutual funds if they place 25 per cent of their lysts' hopes that a turnround has finally begun. portfolio in equities. The prospect of a big cash injection Investors reacted positively changes, passed last month,

Thailand

Euro/Mid Eas

has been welcomed by brokers since, in the past, trading in the stock market has been in the capital market law, permitting institutional investors shallow and influenced by to invest in the stock market.

Nikkei stays ahead despite late fall in bonds

region. Bangkok was closed for

AUSTRALIA was depressed

about prospects for its own

economy, and although golds

went up on the higher bullion

price, and banks bounced after

a weak morning, the All Ordi-naries index ended 2.1 easier at

1,636.7 in turnover of A\$254.3m.

Among banks, ANZ gained 3

cents to A\$3.75 after falling to

A\$3.66 earlier. However. St

a holiday.

Antonia Sharpe picks out winners and losers among the world's emerging markets

Latin America

the whims of retail investor: A fall in inflation, and the low valuations of Turkish equities compared with other emerging markets, especially in Latin America, have attracted foreign investors, comments Ms Nur Agis Pekin

was the listing of property

company Liang Court Hold-

ings, which finished 10 cents

above the offer price of 70

cents after brisk volume. The

Straits Times Industrial index

shed 2.63 to 1,481.15 in volume

of 70.61m shares, including

KUALA LUMPUR encoun-

tered profit-taking and the

composite index fell 5.58 to

612.36. Malaysia Public Finance, which was listed yes-

IFC EMERGING MARKETS PRICE INDICES

Jun 30 % Change % Change 1992 over month on Dec '91

-30.7

+1.0

Mr Ben Hakham, at Carnegie International, also attributes arrival of tourists has taken pressure off the Turkish lira, which in turn has allowed the Treasury to reduce the vields

-34

Bundesbank casts shadow over continental equities

TODAY's Bundesbank meeting is to be followed by a press conference, which implies there is something to discuss in Frankfurt. This kept bourses muted yesterday, writes Our Markets Staff. FRANKFURT slowed to a

crawl; a Bundesbank board member repeated the official exhortation that M3 growth was too high, and the DAX index retreated to close 0.52 higher at 1,734.62, after a 0.81 rise to 687.13 in the FAZ at midsession. Turnover fell from DM4.2bn to DM3.9bn.

Retailers improved after a first half increase of 8.7 per cent in sales from Karstadt. which also said that it saw the first signs of improving consumer sentiment in June. Karstadt rose DM10.50 to DM645.50, Kauthof by DM5.50 to DM515.50 and Douglas by

Mr Adrian Hopkinson at County NatWest said that investors were looking at higher German consumer spending power in the second half of this year, aware that the fall in the dollar emphasises this point; and more comfortable with domestically oriented stocks as the cyclicals, which make up the great bulk of the German market, come into question.

Among special situations. the tyremaker, Continental, dropped DM8 or 3 per cent to DM255.80 after a German court of appeals effectively upheld Conti's 5 per cent limit on shareholder voting rights.

PARIS resumed trading after a four-day weekend and followed the bond market lower in dull trading. The CAC 40 index fell 6.18 to 1,853.26 in

turnover of FFr1.5bn. Hachette, the debt-laden French media group which plans to merge with the efence group, Matra, was one of the day's more prominent losers, dropping FFrS or 6.8 per

FT-SE Eurotrack 100 - Jul 15											
Open	10.30am	11 am	lourly 12 pm	1 pm	2 pm	3 pm	close				
1124.73		's High 1			1123.58 Low 112		1122.53				
Jul 1 1124.		Jul 13 1121,63		10 9.14	Jul 9 1128.17		Jul 8 121.53				

buted the sharp fall to mounting speculation that the stock will be removed from the CAC 40 index by the end of the year. Euro Disney fell FFr2.80 to FFr103 on rumours of disappointing hotel occupancy.

MILAN recovered some of its opening losses but closed the July trading account lower as industrials came under selling pressure after Tuesday's gains. The Comit index fell 2.58 to 445.42 in turnover estimated at Fiat dipped L49 to L5,211 and

fell to L5,160 after hours. Stocks controlled by Mr Carlo De Benedetti were also weaker. with Olivetti dropping L55 to

Among telecoms. Stet fell L17 to L1,620 but Italcable remained firm after the company's upbeat presentation on nday, adding L50 to L4,660. ZURICH softened its opin-

ions and hardened its share prices. The SMI index rose 9.3 to 1,844.4 as expectations receded that the Bundesbank would tighten its credit policy: and bearers in the temporary employment group, Adia, under strong pressure recently on a poor view of 1992, topped the active list as it recovered SFr14 to SFr230. Dealers said that speculators appeared to be playing the share, making it

very volatile.

MADRID tumbled, driven sharply lower by concern over the Spanish economy, including yesterday's 40.4 per cent increase in the January to June budget deficit. The gen-

cent to FFr109. Dealers attri- eral index fell 3.47 to 231.07. There were continued heavy falls, some of 10 per cent or more in the construction sector, an obvious victim of budget cuts, but dealers noted that the losses hit banking, and the traditional safe haven of utili-

ties, as well. AMSTERDAM was quietly firmer as the CBS Tendency index added 0.5 to 122. BRUS-SELS ended mostly higher in light trading as investors awaited signals on European bank. The Bel-20 index rose 6.67 to 1,171.86 in slim turnover of BFr478m.

More than a quarter of turnover was accounted for by Petrofina, which rose BFr25 to

OSLO jumped 2 per cent from a 1992 low, buoyed by for-eign buying of Norsk Hydro and Hafslund Nycomed. The all-share rose 7.69 to 391.99 in turnover of NKr235m. HEL-SINKI hit its second consecutive 1992 low, the Hex index falling 6.0 to 729.4.

VIENNA fell to new 1992 lows ahead of today's Bundesbank council meeting. The ATX index fell 3.75 to its second consecutive record closing

TEL AVIV rose sharply for the second consecutive day in very high turnover. Declarations that Israel would get US loan guarantees, and the reaction to a mild 0.1 per cent consumer price index rise in June left the blue chip index 2.61, or 1.7 per cent higher at in turnover of Shk163.

ment intended to implement tighter rules on car emissions. Horiba has a dominant share

Japan and the US. Nippon Credit Bank receded Y150 to Y5,230. The bank has remained under small-lot selling pressure due to concern about troubled loans at its financial affiliates. Nippon Credit Bank denied reports of huge outstanding debt, and said restructuring of the companies was progressing smoothly.

In Osaka, the OSE average appreciated 79.54 to 19,611.35 in volume of 14.6m shares.

Roundup

FIRMER markets in the US and Japan made a limited impression in the Pacific Basin

positions. The only bright spot

A\$6.97, moving below A\$7 for the first time since March 1991. SINGAPORE saw bank and marine issues fall on poor sentiment and the liquidation of

George slipped 10 cents to terday, closed at M\$2.24 against A\$5.95 on talk of a rights issue. One stock affected by expecthe issue price of M\$2. It was tations of slower earnings the day's most active stock growth was Coca-Cola Amatil, with 13m shares traded. hich closed 3 cents down at SEOUL went into reverse

again after Tuesday's gains, with rumours of another financial scandal persisting. The composite stock index weakened 12.89 to 514.19. Turnover

funds and retail investors switched to selected secondliners. The Hang Seng index closed 28.27 up at 6,125.46. Turnover eased to HK\$3.41bir from HK\$3.74bn.

China-owned Hai Hong Holdings, which made its debut closed at HK\$4.23 compared with an issue price of HK\$1.50. TAIWAN saw a technical rebound and the index ended 44.82, or 1 per cent, higher at 1,352.51. Turnover remained thin at T\$19.35bn.

BOMBAY brokers resumed trading, ending a month-long boycott in protest against the seizure of shares in connection with a securities scandal. Share prices fell broadly, the

BSE index finishing 167.62, or 5.5 per cent, down at 2,912.92. ACC lost Rp100 to Rp4,800.

This announcement appears as a matter of record only

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 15 1992						TUESDAY JULY 14 1882					DOLLAR INDEX				
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change	Pound Sterling Index	Yer Index	DM Index	Local Currency index	Local % chg on day	Grass Div. Yieki	US Collar Index	Pound Starling Index	Yen Index	OM Index	Local Currency Index	1992 High	1992 Law	Year ago (approx)
Australia (69)	144.21	~ 0.8	111.04	113.99	110.78	128.91	-0.2	4.23	145 09	11244	114.64	112.39	129.19	153.68	140.94	144.8
Austria (19)	165.90	+0.3	127.74	131.14	127.44	127.58	-0.1	2.29	165.43	128.21	130.72	128.15	127.75	186.70	162.48	177.5
Belgium (42)	150.37	+ 1.1	115.78	118.85	115.50	112.91	+0.4	5.45	148.80	115.32	117.58	115.28	112.47	150.37	135.87	126.2
Canada (115)	129.80	+0.5	99.94	102,60	99.70	112.13	+05	3.17	129.15	100.09	102.04	100.04	111.61	142.12	124.32	140.5
Denmark (35)	247.04	8.0 +	190,21	195.28	189,76	191.18	+0.1	1.84	245.03	189.90	133.81	189.81	190.96	273,94	226.81	249.4
Finland (15)	77.52	+0.9	59.69	61.28	59.55	65,83	+0.4	2.14	76.86	59.57	60 73	59.54	65.55	89.80	73.64	94.3
France (104)	164 39	+0.4	126.58	129,94	126.27	128.74	-0.3	3.63	163.81	126.35	129,42	125.88	129,18	168,75	148.06	
Germany (65)	129.25	+10	99.52	102.18	99 28	99 28	+0.2	2.32	127.95	99.15	101.11	99.11	99.11	129.32	114.67	
Hong Kong (54)	257.99	+0.4	198.64	203.92	198.18	256 11	+0.4	3.18	256.96	199.15	203,04	199.07	255.03	259,55	175.36	
Ireland (16)	166.02	+27	127.83	131.23	127.53	129.71	+1.9	4.18	181.65	125.28	127.73	125.22	127.25	173.71	151.78	
liały (78)	69.45	-04	53,47	54.89	53.34	58.30	-0.9	3.58	69.72	54,03	55 09	54.01	58.81	80.86	66.03	69.8
Japan (473)	102.15	+0.3	78.65	80.74	78.47	80.74	+0.4	1 05	101.79	78.89	80.43	78.88	80.43	140.95	88.70	
Malaysia (69)	248.15	-0.9	191.07	196.15	190.61	238.79	-0.9	2.63	250,47	194 11	197.90	194.02	240 92	250.47	212.49	
Mexico (18)				1136.48	1104.40	4900.55	-0.1	1.22	1440.78	1116.61	1138.42	1118.10		1789 77	1355.22	
Netherland (25)	167,18	+ 1.1	128.73	132.15	128.42	127.16	+0.3	4.41	165.34	128.14	130.64	128.08	126.78	167.18	147.88	
New Zealand (14)	47.61	-0.3	36.68	37.54	36.57	46.29	+0.0	491	47.74	37.00	37.72	35.98	45.32	48.52	42.01	
Manage (29)	173.98	+ 2.5	133.96	137.53	133.65	137.20	+20	1.84	169.64	131.48						48.6
Norway (23)	217.88	-1.1	187.76	172.23	187.36	151.75	-1.1	2.05	220.20	170.56	134.05	131.42	134.53	192.95	161.26	191.5
Singapore (38)	205.06		157.89	162.09	157.51	173.55					173.99	170.57	163.60	229.63	192.76	190.8
South Ainca (61)		+ 1.9	115.08	118.15	114.81	106.83	+0.9	2.98	201.23	155 95	159.CC	155.88	171.97	263.60	197.04	252.5
Spain (49)	149,48	-1.2					-1.4	5.50	151.25	117.22	119.52	117.17	108.40	161.72	146.86	143.1
Swaden (29)	195.02	+0.8	150.15	154.16	149.81	154.82	+0.1	263	193.52	149.98	152.91	149.92	154.70	200.28	173.09	190.7
Suntzerland (63)	113.20	+1.4	87.16	89.49	86.97	93.76	+ 0.6	2.29	111.64	56.52	88.22	86.49	93.23	113.51	95.99	91.2
United Kingdom (228)	190.75	+ 0.8	146.87	150.77	146.51	146.87	+0.2	5.05	159 22	146.65	149.50	146.56	146.64	200.07	165.85	168.5
USA (522)	189.64	- 0.2	130.62	134.10	130.32	169.64	-0.2	2.95	169.97	131.73	134.30	131.67	169.97	171 66	160.92	154.3
Europe (791)	154.69	÷ 0.7	119.11	122.28	118.83	119.61	+0.0	4.04	153.59	119.03	121.36	118.96	119.58	156.88	139.31	133.1
Nordic (102)	181.52	+0.9	139 76	143,48	139.43	137.50	+0.3	2.28	179,82	139.36	142.06	139.30	137.15	188.52	169,66	184.3
Pacific Basin (717)	108.71	+0.3	83 70	85.93	83.51	87.28	+0.3	1.41	108.43	84.03	85.68	84.00	B7.01	141.57	94,40	129.9
Euro - Pacific (1508)	127.31	+0.5	98.02	100.62	97.79	100.65	+0.2	2.70	126.70	98.19	100.10	98.14	100.48	145.21	113.80	131.5
North America (637),	167.14	-0.2	128.69	132,13	128.41	165.73	-0.2	2.96	167.40	129.74	132.29	129.70	165.99	169.69	158.70	153.4
Europe Ex UK (563)	132.70	+07	102.17	104.91	101.95	103.77	-0.1	3.32	131.84	102.18	104.19	102.15	103.83	132.81	121.81	1121
Pacific Ex. Japan (244)	173 37	-0.3	133.49	137.06	133.18	154.70	-0.1	3.46	173.84	134.72	137.38	134.68	154.88	175.31	149.00	143.5
World Ex US (1702)	129.04	+ 0.5	99.35	102.00	99.12	103.00	+0.2	2.71	128.39	99 50	101.45	99.46	102.78	146.91	116.45	133.7
World Ex. UK (1996)	137.12	+0.5	105.58	108.40	105.34	121.10	+0.0	2.51	136.92	106.12	108.20	106.08	121.07	160.58	127.21	136.9
		+0.2	108.86	111 77	108.51	123 02	+0.0	2.80	141 09	109.35						138.9
World Ex. So Al. (2163)	141.38		126.24			148.09			163.65		111.5C	109.31	122,98	153.05	130,04	
World Ex. Japan (1751)	163.95	+0.2		129.51	125.96		-0.1	3.37		126.83	129.32	129.79	148.19	165.40	153,20	146.8
he World Index (2224)	141.75	+0.2	109.15	112.06	108.90	123,49	+0.0	2.80	141.44	109.62	111.76	109.57	123,44	153,70	130,66	139.6

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